



TDFI

Tennessee Department of Financial Institutions

2005 ANNUAL REPORT



FEBRUARY 28, 2006



Dear Governor Bredesen and the People of the Great State of Tennessee:

I am pleased to present to you and our fellow Tennesseans this 31st Annual Report of the Department of Financial Institutions for 2005.

The Department regulates banks, credit unions, trust companies, business and industrial development corporations, industrial loan and thrift companies, insurance premium finance companies, mortgage lenders, brokers, servicers and originators; title pledge lenders, check cashers, deferred presentment services companies and money transmitters. We play a vital role in regulating and supporting the financial services industry in our state and ensuring that Tennessee financial institutions remain fiscally strong.

Overall, Tennessee financial institutions are well-capitalized, profitable and innovative in their diverse offerings of products and services. Although we continue to see some consolidation, total net assets continue to increase and the complexity and breadth of operations continue to grow. Specifically, I can report that the formation of de novo state banks remains very strong.

While the Department's chief mission is to ensure a safe and sound system of state-chartered institutions for Tennessee citizens, we also recognize that the economic development of our state is fueled by financial institutions. As a result, we remain responsive to those entities to create an environment that promotes economic vitality and fairly meets the diverse financial needs of our citizens. These steps, coupled with a proactive approach in educating consumers on how to use financial services properly, will help our citizens become financially healthy.

With rapidly growing changes in the industry and the regulatory environment, our role in the area of compliance continues to grow. In 2005, we took steps on two main fronts: working alongside legislators to bring the title pledge industry under the Department's authority and signing a Memorandum of Understanding with the Financial Crimes Enforcement Network (an agency with the U.S. Department of Treasury) and the Internal Revenue Service to better utilize resources in ensuring that the financial institutions we regulate are fulfilling the anti-money laundering requirements of the Bank Secrecy Act. As it relates to this issue, the Department recommended legislation for the 2006 Legislative Session concerning the disclosure of certain information to law enforcement agencies.

Throughout this report you will find additional information related to the work of this agency including the accomplishments of each operating Division, as well as the condition of the entities the Department regulates. I am confident that as you peruse this report you will learn that Tennessee remains a premier state for banking and financial services companies. This report is also recognition of the service of former Commissioner Kevin Lavender for this time period. On behalf of the employees of the Department, this report is respectfully submitted.

Sincerely,

Greg Gonzales
Acting Commissioner

2005 Annual Report

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OUR MISSION

The primary mission of the Tennessee Department of Financial Institutions is to provide the citizens of Tennessee with a sound system of state-chartered financial institutions by: providing for and encouraging the development of depository financial institutions while restricting their activities to the extent necessary to safeguard the interest of depositors; and seeking to ensure compliance by both depository and non-depository financial institutions with governing laws and regulations.

The Department is further committed to the provision of quality constituent services to the institutions it examines, supervises and regulates; the citizens of the State of Tennessee; members of the Tennessee General Assembly and of Congress; the Office of the Governor and other agencies of the state and federal governments; other state and federal financial regulatory agencies; and to the provision of quality management of its personnel and fiscal resources.

OUR VISION

We seek to sustain an environment in the great state of Tennessee which fosters a feeling of confidence and security among its citizens in regard to their choice of financial institutions. We advocate the continuance of the dual chartering system which allows us to provide a financial regulatory structure which more efficiently meets the needs and economic welfare of the residents of our state. The management of the Department strives to foster a sense of job satisfaction and ample career path opportunities to assure we are adequately staffed with well-qualified, experienced and long-tenured employees. As a strong team, we can be more diligent, efficient, effective, responsive, and innovative in administering our duties. We continuously strive to make the Tennessee State Charter the charter of choice and the Department of Financial Institutions the preferred financial services regulatory agency in the State of Tennessee.

[WHO ARE WE?] A LITTLE ABOUT OUR HISTORY

Created in 1913, the Banking Department was headed by the Superintendent of Banks. Ten years later, supervision of state-chartered credit unions was added to its responsibilities. Over the next 70 years, the Department witnessed more changes, one of which was a final name change to the Tennessee Department of Financial Institutions.

Department Overview

TOTAL NUMBER OF STATE-CHARTERED INSTITUTIONS AND LICENSEES/REGISTRANTS

CHARTERS	June 30, 2005	June 30, 2004
Commercial Banks/Savings Banks	157	163
Trust Companies	8	8
BIDCOs	3	3
Credit Unions	122	126
TOTAL NUMBER OF CHARTERS	290	300

LICENSEES / REGISTRANTS	June 30, 2005	June 30, 2004
Industrial Loan and Thrift Companies	713	701
Insurance Premium Finance Companies	65	61
Mortgage Companies	1,349	1,362
Mortgage Loan Originators	11,603	0
Money Transmitters	48	42
Deferred Presentment	1,219	1,299
Check Cashers	404	434
TOTAL NUMBER OF LICENSEES/REGISTRANTS	15,401	3,899

HEADQUARTERS PERSONNEL - NASHVILLE

COMMISSIONER'S OFFICE

Greg Gonzales, Acting Commissioner

David Braam, Legislative Liaison

Laurie Daaboul, Commissioner's Assistant

ADMINISTRATIVE AND LEGAL DIVISION

Tina Miller, Acting General Counsel

Marsha Anderson, Attorney

David Axford, Attorney

Kevin Bartels, Attorney

Tracey Boyers, Attorney

Paula Cagle, Legal Assistant

Kelly Hinkle, Secretary

Tommie Pendergrass, CPA, Fiscal Director

Debbie Curry, Human Resources

Tamyra Rucker, Personnel Technician

Diane Speyerer, CPS, Administrative Secretary

Grant Casselberry, Accountant/Auditor I

Alan Kirkwood, Accountant/Auditor I

Barbara Jones, Administrative Services Assistant

Paul Battenfield, Information Services Director

Tim Jones, Information Systems Consultant

Charles Ingram, Information Systems Coordinator

[ADMINISTRATIVE DIVISION NARRATIVE]

The **Administrative Division** administers the Department's budget and oversees fiscal services, human resources, training and development, and information systems.

The Department continues to work with both the Department of Personnel and the Department of Finance and Administration to develop and improve career path with salary progression for our examiners.

Training is another integral part of developing and maintaining a qualified examiner staff. To ensure value, the Department's training needs are annually assessed and budgeted. The majority of the structured training curriculum is acquired through external training sources such as Federal Deposit Insurance Corporation, the National Credit Union Administration, the Board of Governors of the Federal Reserve System, the Educational Foundation of the Conference of State Bank Supervisors, the National Association of the State Credit Union Supervisors, the Federal Financial Institutions Examination Council, the National Association of Consumer Credit Administrators, as well as other sources.



[LEGAL SECTION NARRATIVE]

The Legal Section provides legal advice and representation for the Department. The Department's lawyers advise the Commissioner and departmental personnel in all legal matters affecting the Department. They work with regulated entities and the general public in addressing legal issues. The Department's lawyers also work closely with the Governor's Office and the Tennessee General Assembly on legislative issues affecting financial institutions. The Legal Section assists in the coordination of enforcement initiatives with other federal and state regulators as well as with various law enforcement agencies.

In 2005, the Legal Section was heavily involved in the 2005 Legislative session by tracking bills, working closely with the Governor's Office, the General Assembly, and other groups sponsoring legislation which impacted the Department. This section provided assistance to operating divisions on issues involving title pledge lenders, mortgage loan originator registration, predatory lending, bank and trust company operations including interstate transactions, bank and credit union applications, money transmission, Bank Secrecy Act compliance, check cashing, deferred presentment, mortgage companies, and credit union fields of membership, as well as several other issues.

2005 LEGISLATIVE HIGHLIGHTS

PUBLIC CHAPTER 8

Repeals T.C.A. §§ 56-6-201 through 56-6-204

Effective Date: 3/21/05

Public Chapter 8 repeals T.C.A. §§ 56-6-201 through 204, known as the anti-affiliation statute. This law prohibited banks in a holding company structure from engaging in the sale of insurance. The Gramm-Leach-Bliley Act passed by Congress in 1999 preempted this state law. Therefore, the anti-affiliation provisions have not been effective against Tennessee banks for a number of years.

PUBLIC CHAPTER 16

Amends T.C.A. § 47-28-104

Effective Date: 3/29/05

Public Chapter 16 amends the provisions of T.C.A. § 47-28-104 to increase the maximum potential term of an open-end mortgage from 20 to 30 years.

PUBLIC CHAPTER 30

Amends Title 45, Chapter 2, Part 700 and T.C.A. § 45-2-106

Effective Date: 4/11/05

Public Chapter 30 adds a new section to the Banking Act (T.C.A. § 45-2-710) that provides that an action to enforce a claim on a deposit account or a certificate of deposit accrues upon the earlier of the following: (1) The date demand for payment is made, or (2) The latest of (a) due date established in bank's last notice of renewal; (b) date of last communication from bank acknowledging the bank's obligation; or (c) the last day of the taxable year that the owner reported interest income on the deposit.

Public Chapter 30 also amends T.C.A. § 45-2-106(b) to make T.C.A. § 45-2-710 applicable to credit unions, savings and loan associations and savings banks.



PUBLIC CHAPTER 161

Amends Title 47, Chapter 18, Part 1

Effective Date: 5/13/05

Public Chapter 161 amends T.C.A. Title 47, Chapter 18, Part 1 by adding a new section 126 to provide that no one accepting debit or credit cards for business transactions shall print or cause to be printed more than five digits of the card number or the expiration date on any receipt provided to the card holder at the point of sale or transaction.

However, Public Chapter 161 further provides that this new section only applies to receipts that are electronically printed, and not to transactions in which the sole means of recording is by handwriting or by an imprint or copy of the card. Currently, Public Chapter 161 applies only to cash registers or other machines that electronically print receipts for credit card or debit card transactions that were first put to use on or after January 1, 2005. Effective January 1, 2007, this law will also apply to any cash register or other machine that electronically prints receipts for credit or debit card transactions and was in use prior to January 1, 2005.

Any party violating Public Chapter 161 will be liable for both actual damages and treble damages under the Tennessee Consumer Protection Act.

PUBLIC CHAPTER 273

Amends T.C.A. Title 47, Adds Chapter 32

Effective Date: 9/1/05

Public Chapter 273 adds a new chapter 32 to Title 47 and enacts the Residential Closing Funds Distribution Act of 2005. Public Chapter 273 applies to loans made by mortgage lenders utilizing settlement agents that are secured by a deed of trust or mortgage on real property: (1) Containing not more than four residential dwelling units, regardless of the purposes of the dwellings; (2) Vacant lots zoned or designated for use as residential property; or (3) Agricultural land. Public Chapter 273 exempts from its coverage loans made by mortgage lenders secured by commercial or industrial real estate.

Specifically, Public Chapter 273 mandates that the mortgage lender, mortgage loan broker, mortgage loan servicer, and other "persons" shall, at or before loan closing, disburse the loan funds to the settlement agent in one of the following forms: 1) Cash, (2) Wired funds; (3) Checks issued by the State of Tennessee or a political subdivision of the state; (4) Cashier's check; (5) Teller's check or other official check, however designated, which is issued by a financial institution and drawn on a financial institution located within the same Federal Reserve District as the location of the settlement agent; (6) Checks issued by an instrumentality of the United States organized and existing under the Farm Credit Act of 1971; or, (7) Checks issued from the escrow or trust account of a real estate broker licensed pursuant to T.C.A. 62-13-101 et seq. and drawn on or payable through a financial institution within the same Federal Reserve check processing region as the location of the settlement agent in an amount not to exceed the earnest money paid by the purchaser and collected in such fiduciary account.

With respect to loans subject to the one day right of rescission under 15 U.S.C. § 1601, et seq. (Truth-in-Lending Act), Public Chapter 273 requires

that the mortgage lender, mortgage loan broker, mortgage loan servicer, or other person shall disburse the loan funds to the settlement agent not later than the first business day after the expiration of the applicable rescission period.

Public Chapter 273 provides that a party violating this act will be liable for actual damages and reasonable attorney's fees. In addition, any party in violation of this act shall pay for the other party or parties suffering a loss in an amount equal to \$1,000 or double the amount of interest payable on the mortgage loan for the first 60 days after the loan closing, whichever amount is greater.

PUBLIC CHAPTER 349

Amends T.C.A. § 47-29-102

Effective Date: 6/7/05

Public Chapter 349 amends T.C.A. § 47-29-102 by raising the handling charge that a payee may assess against the maker or drawer of a bad check from \$20.00 to \$30.00.

PUBLIC CHAPTER 432

Amends Title 9, Chapter 1

Effective Date: 1/1/06

Public Chapter 432 adds a new section to Title 9, Chapter 1 that expands the authorized investments, types of deposits and places for deposit of funds held by governmental entities.

Currently, all public deposits must be federally insured. The FDIC only insures deposits of up to \$100,000. Under existing law, if a governmental entity needed to deposit more than \$100,000, the bank accepting the deposit would either have to collateralize the deposit with bank securities or be a member of the collateral pool.

Public Chapter 432 gives banks a third option by giving them the authority to join in the Certificate of Deposit Account Registry (CDARS) for public funds. CDARS is basically a deposit placement service that allows a bank to receive and keep customer deposits in excess of \$100,000 and maintain FDIC insurance by placing the excess amounts in reciprocating financial institutions. Thus, a participating bank whose customer has a \$1 million dollar deposit would maintain the account relationship with the customer for the full amount, would have funds deposited in the bank for the full \$1 million from other reciprocating customers, and the bank's customer would be fully insured due to the placement of the funds in other FDIC insured institutions. The FDIC issued an opinion on July 29, 2003 confirming that FDIC insurance would be available to all deposits placed through the CDARS program if certain disclosure and recordkeeping requirements are met.

PUBLIC CHAPTER 440

Amends Title 45, Chapter 15

Effective Date: 11/1/05

Public Chapter 440 amends the Title Pledge Act (T.C.A. §§ 45-15-101 et seq.) by subjecting the title pledge industry to licensing and examination by this Department.

Public Chapter 440 adds to the Title Pledge Act provisions necessary for the Department to provide effective regulatory oversight. For example, it authorizes the Department to investigate license applications; grants the Department authority to assess civil money penalties, issue cease and desist orders and require refunds; and, authorizes the Department to suspend/revoke licenses for violations of the Act.

Public Chapter 440 adds the following consumer protections to the Title Pledge Act: requires borrowers to pay a 5% principal reduction starting with third renewal (current law allows these loans to be renewed indefinitely with no principal reduction); provides borrowers with a one day right of rescission; gives the commissioner full authority to investigate consumer complaints including ability to subpoena, etc.; and, a requirement that sales of repossessed pledged property be made in a “commercially reasonable” manner as defined by the Uniform Commercial Code, and return any surplus of the sale to the borrower.

Public Chapter 440, makes clear that title pledge lenders cannot do the following: add any accrued interest or fee to original principal during renewal; charge prepayment penalties; or, renew or consolidate a title pledge agreement with proceeds from another title pledge agreement.

PUBLIC CHAPTER 463

Amends T.C.A. § 45-13-102

Effective Date: 6/18/05

Public Chapter 463 amends T.C.A. § 45-13-102(12), the provision in the Residential Lending, Brokerage and Servicing Act, T.C.A. § 45-13-101 et seq. which defines the term “mortgage loan broker.” Presently, the term “mortgage loan broker” is defined in pertinent part, as a person who, for compensation, “solicits, processes, places, or negotiates or originates mortgage loans for others...” Public Chapter 463 removes the terms “process” and “processes” from the definition of mortgage loan broker.

PUBLIC CHAPTER 493

Effective Date: 6/22/05

Chapter 871 of the Public Acts of 2002 created a special joint study committee to perform a comprehensive analysis of predatory lending issues in Tennessee. The reporting deadline for the committee was extended by Chapter 316 of the Public Acts of 2003 and Chapter 746 of the Public Acts of 2004. In order to give the committee additional time to properly investigate predatory lending issues and make recommendations, Public Chapter 493 was passed to further extend the reporting deadline of this committee to May 1, 2006.





RULEMAKING

Amendment to Rule 0180-7-.08 – Rules of Practice:
Applications, Instructions, Forms, Reports of State Banks and
Schedule of Application Fees for State Banks, BIDCOs, Savings Banks
and Trust Companies
Effective Date: 9/28/05

This amendment changes certain fees applicable to various applications filed by banks, savings banks and trust companies.

**Amendment to Rule 0180-17-.10 – Rules Pertaining
to Mortgage Lending, Loan Servicing and Loan
Brokering**
Effective Date: 5/22/05

This amendment sets forth an initial registration fee of \$100.00 and an annual renewal fee of \$100.00 for the registration of mortgage loan originators. The requirement to register mortgage loan originators under the Residential Lending, Brokerage and Servicing Act became effective on January 1, 2005, pursuant to T.C.A. § 45-13-126.

**New Rule 0180-33 – Rules Pertaining to Title Pledge
Lenders**
Effective Date: 10/28/05

This new rule set forth an initial registration fee of \$700.00 and an annual renewal fee of \$700.00 for the licensing of Title Pledge Lenders pursuant to T.C.A. § 45-15-106.

Administration & Legal Division

2005 FISCAL NUMBERS AT A GLANCE

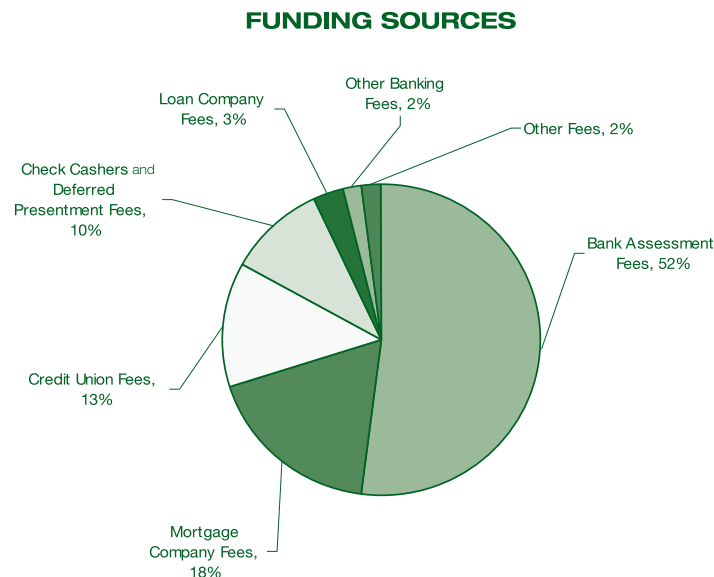
The Department of Financial Institutions receives no federal or state taxpayer funds and is fully funded by the fees assessed to the financial institutions regulated and supervised by the Department.

At the end of fiscal year 2005, the Department had a surplus of \$3,470,411.90. Out of those funds, a rebate of \$1,437,475.72 was distributed to state banks in accordance with Tennessee Code Annotated (T.C.A.) Section 45-1-118(d)(2) while \$2,032,936.18 was reverted to the state's general fund from surplus funds not associated with the bank assessment fees.

EXPENDITURE AND FUNDING SOURCES

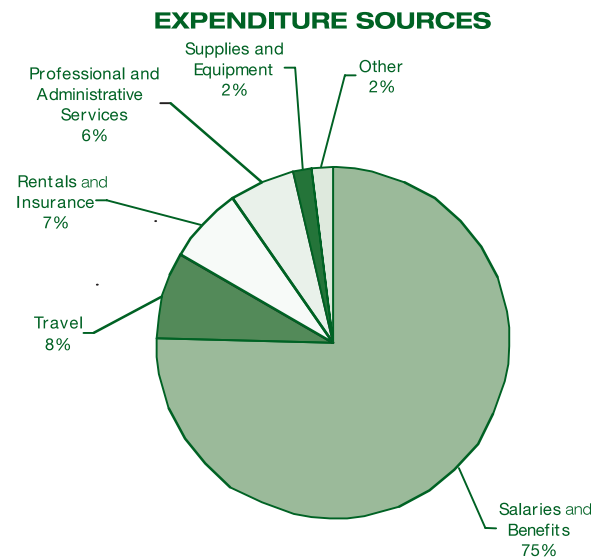
Fiscal Year 2004 - 2005

REVENUES	
Appropriations-Bank Assessment Fee	\$7,207,800.00
Other Banking Fees	\$323,721.05
BIDCOs and Trust Company Fees	\$33,315.44
Credit Union Fees	\$1,773,281.45
Money Order Fees	\$147,398.00
Loan Company Fees	\$447,225.00
Insurance Premium Finance Company Fees	\$31,175.00
Mortgage Company Fees	\$2,525,525.00
Check Cashers Fees	\$392,250.00
Deferred Presentment Fees	\$973,100.00
Miscellaneous	\$2,825.00
TOTAL REVENUES	\$13,857,615.94



EXPENDITURES	
Personal Services	\$5,938,673.57
Employee Benefits	\$1,897,819.19
TOTAL PAYROLL	\$7,836,492.76

Travel	\$849,230.12
Printing Duplicating and Film Processing	\$84,114.49
Communication and Shipping Costs	\$47,938.22
Maintenance, Repair and Services	\$2,230.84
Professional and Administrative Services	\$135,291.73
Supplies and Equipment	\$156,126.71
Rentals and Insurance	\$719,903.71
Awards and Indemnities	\$3,141.21
Grants and Subsidies	\$60,491.09
Unclassified	\$3,200.00
Professional Services-Other State Agencies	\$489,043.16
TOTAL OPERATIONAL	\$2,550,711.28
TOTAL EXPENDITURES	\$10,387,204.04
EXCESS OF REVENUE OVER EXPENDITURES	\$3,470,411.90



EXCESS OF REVENUE OVER EXPENDITURES	\$3,470,411.90
Rebated to Banks	\$1,437,475.72
Reverted to the State's General Fund	\$2,032,936.18

2005 TECHNOLOGICAL ADVANCEMENTS

Technology is rapidly changing the face of business, government and the lives of the citizens of Tennessee. The Department is constantly working to deploy the appropriate technologies to meet this challenge.

NEW IMAGING SYSTEM

In fiscal year 2005, the Department completed implementation of its document imaging system. This allows all incoming correspondence received from banks and credit unions to be electronically stored as digital images. This technology assists examiners with accessing documents in a centralized location, reduces research time, and thus enables them to perform their jobs more efficiently.

WIRELESS COMMUNICATION

No more slow dial-up for the Department's field examiners! Laptop computers for the examiners are now being installed with 3G wireless technology and virtual private network (VPN) connections so examiners can communicate digitally anywhere in the state where cell phone service is available. 3G wireless networks are capable of transferring data at speeds of up to 384Kbps and coupled with VPN security software, examiners now have both the portability and security to work anywhere.

REGULATORY BOARD SYSTEM

In fiscal year 2005, the Department is in the final stages of replacing its regulatory licensing system and its bank examination system. By using the latest technology, the Department can manage securely all of its regulatory and examination data from this one system. It also facilitates the expansion of online services to citizens and financial institutions, allowing them to conduct business electronically with the Department 24 hours a day.



HEADQUARTERS PERSONNEL – NASHVILLE (As of 12/31/05)

Tod Trulove, CEM, Assistant Commissioner
Hope Givens, Administrative Services Assistant

BANK EXAMINATION AND FINANCIAL ANALYSIS

Tony Matthews, Chief Administrator
Storm Miller, Financial Analyst
Justin McClinton, Financial Analyst

APPLICATIONS

Joyce Simmons, CPA, Program Administrator
Debra Grissom, Applications Specialist

TRUST

Vivian Lamb, CEM, Program Administrator

EXAMINATION PERSONNEL

WEST TENNESSEE DISTRICT

Shirley Sanderson, CEM, District Manager
Phil Stafford, CEIC, Off-Site Monitoring Supervisor
Danny Nolen, CEM, Supervisor
Terry Warren, CEIC, Supervisor
Bruce Allen, CEIC, Trust Examination Specialist
Jerry Davis, CEIC, IT Specialist
Robert Prather, CEIC, IV
Roxanne Taylor, CEIC, IV
Judy Morgan, II
Vicki Ivey, CEIC, IV
Timothy Runions, CEIC, IV
Tonece Johnson, II
Tara Smith, II

MIDDLE TENNESSEE DISTRICT

Todd Rice, CEM, District Manager
Joe Boaz, CEM, Off-Site Monitoring Supervisor
John Hudson, CEIC, Supervisor
Mike Sisk, CEIC, Supervisor
Sherri Cassetty, CEIC, Trust Examination Specialist
Clyde McClaran, IT Specialist
Justin Cary, II
Sam Short, II
Jeremy Sullivan, I
David Tate, IV
Mark Richardson, II
Theodore Greene, I

EAST TENNESSEE DISTRICT

Kenneth Kelley, CEM, District Manager
Louella McElroy, CEM, Off-Site Monitoring Supervisor
Claude Huff, Jr., CEM, Supervisor
Chester Justice, Jr., CEM, Supervisor
Wade McCullough, CEIC, CFE, Trust Examination Specialist
Robert Broshears, IT Specialist
James Dunavant, II
C. Bradley Williams, II
Jonathan Piper, CEIC, IV
Brian McGhee, II
Brooke Robertson, I

[BANK DIVISION NARRATIVE]

As a whole, our state-chartered banks are capably positioned both strategically and financially, to meet new opportunities in the changing economic and political environments and continuing technological and financial innovation.

The **Bank Division** has legal responsibility for assuring the Tennessee state-chartered banking system runs on a safe and sound basis. In its supervisory role, the Bank Division periodically examines the financial soundness of all state-chartered banks, savings banks, and independent non-depository trust companies. The Department met the statutory obligation of examining all institutions on either a 12-month or an 18-month basis. This was an accomplishment through coordination with federal banking regulators. Bank examiners perform evaluations of each institution's assets, liabilities, income and expenses; monitor compliance with governing laws and regulations; and rate the effectiveness of the institution's management. The adequacy of capital is assessed to assure the protection of depositors. In addition, examiners review the Information Technology (IT) functions of state-chartered financial institutions for compliance with generally accepted IT practices and for adherence to Departmental regulations. The Bank Division staff also examines Business and Industrial Development Corporations (BIDCOs) for compliance with governing statutes and evaluates applications for new institutions, branches, expanded financial activities, and corporate reorganizations.

MILESTONES & ACCOMPLISHMENTS:

- The Division was instrumental in completing a conversion of Columbia-based First Farmers & Merchants Bank to a state-chartered bank from a national banking association, bringing the bank back into the state system. Randy Stevens, chairman of the bank's board and chief executive officer, said the bank was interested in converting back to a state charter for a number of reasons. "The board felt that our customers and shareholders would be better served by operating the bank as a state charter. Since we were founded as a state-chartered bank in 1909, we were pleased to return back to our roots."
- Realizing the need to prevent money laundering and terrorist financing through banks and money service businesses, the Department joined other states in signing a memorandum of understanding with the Financial Services Enforcement Network (FinCen) on June 1, 2005. This agreement helps the Department better utilize resources in ensuring that financial institutions the Department supervises are fulfilling the anti-money laundering requirements of the Bank Secrecy Act which leads to more effective compliance. FinCen has been designated by the U.S. Department of Treasury to establish, oversee and implement policies to detect and prevent money laundering and terrorist financing. This organization administers the Bank Secrecy Act, which authorizes the collection, analysis and dissemination of financial information important to the prevention of money laundering and terrorist financing.
- Beginning in the first quarter of 2005, the Bank Division began incorporating Bank Secrecy Act (BSA) reviews into its independent examinations of Tennessee state banks in order to determine compliance with federal BSA regulations. These examinations evaluate institutions' BSA/Anti-Money Laundering policies and programs. Some of the aspects these policies and programs must address include the reporting of qualifying currency transactions as well as suspicious activity, implementation of applicable customer identification procedures, and appropriate monitoring of customer activity. The Bank Division has assumed this new responsibility since the nature of the risk inherent with a banks non-compliance with BSA extends beyond strictly legal and reputation consequences – it also has the potential to impact the institutions very safety and soundness.
- The Bank Division incorporated a Bank Secrecy Act/Anti-Money Laundering segment into its training curriculum for Directors of De Novo institutions beginning in 2005. This presentation provides Directors with a broad overview of the characteristics of BSA/Anti-Money Laundering programs required by federal law and highlights the significant responsibilities of a Board of Directors to ensure such a program is established and functional. This segment serves to grant greater awareness of an aspect of banking that has recently become a priority nationally and complements the training's overall objective of encouraging and facilitating a De Novo bank's safe and sound operation at their inception and going forward.

INFORMATION AT A GLANCE (AS OF JUNE 30, 2005)

BANK DIVISION REGULATED INSTITUTIONS:

157 banks
2 BDCOS (Business and Industrial Development Corporations)
8 independent non-depository trust companies

BANK DATA

CONSOLIDATED TOTAL ASSETS:

- \$29.5 billion, representing a \$2.7 billion increase since June 30, 2004

CONSOLIDATED CAPITAL:

- \$3.1 billion, representing 10.53 percent of total assets.

RETURN ON AVERAGE ASSETS (ROAA):

- 1.12 percent with an average net interest margin (nim) of 4.35 percent (excluding those banks that have been organized less than three years (De Novo banks). These ratios reflect the banks' earnings performance increasing over prior mid-year 2004, when the average ROAA was 0.95 percent and average NIM was 4.31 percent, excluding banks that have been organized less than two years.

AVERAGE ALLOWANCE FOR LOAN AND LEASE LOSSES RATIO:

1.60 percent which decreased from the June 30, 2004 ratio of 1.74 percent.

AVERAGE PAST DUE RATIO:

Overall, state-chartered banks have an average past due ratio of 2.33 percent as of June 30, 2005, increasing slightly from the 2.21 percent ratio as of June 30, 2004.

INFORMATION AT A GLANCE FOR TRUST COMPANIES:

TOTAL CONSOLIDATED CORPORATE ASSETS:

- \$28 million. This figure is down 44 percent from June 30, 2004 which is mainly the result of the indirect purchase of First Mercantile Trust Company in Memphis by SunTrust Banks, Inc., of Atlanta, GA and the absorption of capitalized goodwill during this indirect acquisition.

AGGREGATED NET INCOME FOR TRUST COMPANIES:

- Increased by 12 percent for the first six months of 2005 compared to this time period in 2004.

NET EARNINGS:

- \$1.9 million compared to \$1.7 million reported for the same period in 2004.

TRUST ASSETS UNDER MANAGEMENT AND/OR CUSTODY:

- Grew 22 percent from \$7.3 billion to \$8.9 billion, inclusive of assets invested in common/collective trust funds.

TRUST COMPANY VOLUNTARY OR INVOLUNTARY CORPORATE CHANGES FY 2004-05:

None.

UPDATE ON SENTINEL TRUST COMPANY (CURRENTLY IN LIQUIDATION)

SENTINEL TRUST COMPANY (IN LIQUIDATION)

On June 18, 2004, a notice of liquidation was issued for Sentinel Trust Company in Hohenwald, Tennessee. As of December 31, 2005, the Department continues to oversee this liquidation. Successor fiduciaries have been named for the three personal accounts and 121 bond issues trusted and/or administered by the Company.

This liquidation was determined necessary after the Department's annual regulatory examination. The Department found the company was engaging in unsafe and unsound fiduciary practices which had caused a shortage in the fiduciary cash position and for which Sentinel's capital was insufficient to cover. Therefore, on May 18, 2004, pursuant to T.C.A. Section 45-2-1502 (b)(1) and (c)(1), former Commissioner Kevin P. Lavender took possession of Sentinel Trust Company. Immediately thereafter, the Commissioner issued an Order appointing a Receiver, pursuant to T.C.A. Section 45-2-1502(b)(2).

The Receiver continues to manage two defaulted bond issues with \$13,935,000 in principal outstanding. As of December 31, 2005, these defaulted issues owed the Sentinel Trust Company Receivership estate \$229,483 for funds loaned from the Receivership estate to pay relevant default expenses. It is expected that these loans will be repaid upon the sale of the underlying collateral for each bond issue. \$9,303,453 has been paid out since the date of possession for seven bond issues with total outstanding principal of \$49,050,000. The Proof of Claim Process regarding the cash that was purportedly held in the Fiduciary Cash Account is still in progress.

BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS (BDCOs)

Tennessee Code Annotated, Section 45-8-225, requires a report to be published annually that summarizes the accomplishments of the various BDCOs operating in Tennessee. As of June 30, 2005, the Department supervised the operation of two BDCOs. The two BDCOs provided financing totaling \$4,525,631 to thirteen small businesses, preserving and/or creating 174 jobs. The December 31, 2004 summary analysis of the number and dollar amount of loans extended to certain broad categories is detailed as follows:

CATEGORY	NUMBER	AMOUNT
Services	04	983,181
Retail Trade	09	2,542,450
Construction	02	1,000,000
TOTAL	15	\$ 4,525,631

BANK DIVISION APPLICATION ACTIVITIES FY 2004-2005

NEW BANKS AND TRUST COMPANIES

- Nashville Bank and Trust Company, Nashville, TN (August 2004)
- Franklin County United Bank, Decherd, TN (December 2004)
- Cohutta Banking Company of Tennessee, Chattanooga, TN (March 2005)
- Sumner Bank and Trust, Gallatin, TN (April 2005)

BANK MERGERS

- Cumberland Bank, Carthage, merged into Cumberland Bank South, Franklin, TN titled as Cumberland Bank, Franklin, TN (September 2004)
- Bank of Dyer, Dyer, TN merged into Cumberland Bank, Franklin, TN titled as Cumberland Bank (December 2004)
- Union Planters Bank of the Lakeway Area, Morristown, TN merged into Union Planters, National Association, Memphis, TN titled as Union Planters Bank, National Association (December 2004)
- Peoples Bank of Polk County, Benton, TN merged into First Bank of Tennessee, Spring City, TN titled First Bank of Tennessee (December 2004)
- Premier Bank of Brentwood, Brentwood, TN merged into BancorpSouth Bank, Tupelo, Mississippi titled as BancorpSouth Bank (December 2004)
- Friendship Bank, Friendship, TN, merged into First State Bank, Henderson, TN titled as First State Bank (January 2005)
- Renasant Bank of Tennessee, Germantown, TN merged into Renasant Bank, Tupelo, Mississippi, titled as Renasant Bank (March 2005)
- Community Bank of Smith County, Carthage, TN merged into Wilson Bank & Trust, Lebanon, TN (March 2005)
- DeKalb Community Bank, Smithville, TN merged into Wilson Bank & Trust, Lebanon, TN (March 2005)
- Academy Bank, Lebanon, TN merged into Bank of the South, Mt. Juliet, TN titled as Bank of the South (June 2005)
- Bank of Bolivar, Bolivar, TN merged into Citizens Bank & Savings Company, Russellville, Alabama titled as Citizens Bank & Savings Company (June 2005)

CONVERSIONS

- The Home Bank, FSB, Ducktown, TN converted from a federally chartered savings bank to a state chartered commercial bank titled The Home Bank (December 2004)

BIDCO TRANSACTIONS

- Finova Mezzanine Capital, Inc., Nashville, TN – Voluntary Surrender of Tennessee BIDCO License (April 2005)

* There were no new trust companies or trust company voluntary corporate transactions for Fiscal Year 2004 - 2005

Individual bank data (assets, ratios, etc.) is available on the departmental web site (www.tennessee.gov/tdfi)



Tennessee State-Chartered Banks

KEY BANK RATIOS

CITY	INSTITUTION	Cert #	NET INCOME TO AVG TOT ASSETS RATIO	NET LOANS TO ASSETS RATIO	ALLOWANCE FOR LOAN LOSSES RATIO	CORE CAPITAL (LEVERAGE) RATIO	NET LOANS TO DEPOSITS RATIO	NET INCOME TO AVG TOTAL EQUITY RATIO
ADAMSVILLE	Farmers & Merchants Bank	9188	0.5	44.07	3.71	10.87	58.66	4.43
ASHLAND CITY	Community Bank & Trust	35258	0.95	69.61	1.34	11.72	81.13	9.34
ATHENS	SouthEast Bank & Trust	57348	0.94	79.51	1.22	8.87	91.49	11.22
ATWOOD	Citizens Bank & Trust Company	6100	1.27	51.07	1.21	8.52	56.49	15.27
BARTLETT	Bank of Bartlett	23123	0.51	56.91	1.24	7.83	67.37	6.33
BELLS	Bank of Crockett	1468	1.45	48.97	1.7	10.38	56.3	14.06
BELLS	Bells Banking Company	1469	0.76	35.52	1.98	14.33	41.94	5.43
BENTON	Benton Banking Company	10696	1.03	83.97	1.28	9.98	97.04	10.47
BOLIVAR	First South Bank	9170	1.76	68.53	1.32	8.78	76.65	19.5
BRADFORD	The Bank of Bradford	2382	0.51	29.06	2.8	16.29	35	3.19
BRIGHTON	Brighton Bank	9189	0.63	63.49	1.89	10.04	75.39	6.37
BROWNSVILLE	InSouth Bank	22020	1.33	76.36	0.68	9.13	113.17	14.64
BYRDSTOWN	People's Bank and Trust Company of Pickett County	22756	2.16	79.01	2.06	11.6	92.85	18.14
CAMDEN	Bank of Camden	9176	1.43	33.73	2.4	14.98	40.75	9.5
CARTHAGE	Citizens Bank	893	2.31	53.1	1.13	17.24	64.69	13.5
CHAPEL HILL	First State Bank	2383	0.8	52.42	1.65	15.43	64.97	5.23
CHATTANOOGA	Cornerstone Community Bank	26256	1.43	80.04	1.27	8.77	101.69	16.93
CHATTANOOGA	First Volunteer Bank of Tennessee	10307	1.11	75.33	1.17	8.66	83.97	12.5
CHATTANOOGA *	Cohutta Banking Company of Tennessee	57913	-4.43	94.49	1.04	38.2	1210.51	-6.6
CLARKSVILLE	Cumberland Bank and Trust	57091	1.15	78.11	1.44	9.74	94.65	12.26
CLARKSVILLE	F&M Bank	9963	1.09	81.83	0.88	7.86	96.94	14.33
CLARKSVILLE	Legends Bank	34936	1.06	69.31	1.15	8.42	82.1	12.62
CLEVELAND	Bank of Cleveland	26955	1.63	89.88	1.06	8.73	101.04	19.47
CLEVELAND	Southern Heritage Bank	35093	1.18	75.25	1.4	10.55	84.6	11.07

Tennessee State-Chartered Banks

KEY BANK RATIOS

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CLEVELAND	The Bank/First Citizens Bank	21498	2.48	72.27	1.49	8.1	84.39	31.73
CLIFTON	Peoples Bank	9489	0.84	71.77	2.02	8.18	83.27	10.54
CLINTON	The Community Bank of East Tennessee	34847	0.68	58	1.24	9.28	65.79	7.51
COLLIERVILLE	BankTennessee	29177	0.23	66.17	1.27	9.08	84.94	2.4
COLUMBIA	Community First Bank & Trust	35165	1.03	82.38	1.24	9.18	93.64	11.33
COOKEVILLE	Bank of Putnam County	8432	1.09	50.46	0.75	7.68	54.96	14.79
CORDOVA	First Alliance Bank	35245	0.66	83.07	1.33	9.15	95.91	7.28
CORNERSVILLE	Farmers Bank	1692	0.37	72.25	1.56	10.26	96.57	3.64
CROSSVILLE	Cumberland County Bank	18364	1.1	51.04	1.14	7.22	55.16	16.15
DECATURVILLE	Decatur County Bank	6101	0.63	41.69	1.37	12.03	60.86	5.33
DECHERD *	Franklin County United Bank	57851	-5.19	51.93	1.25	36.7	77.77	-12.17
DICKSON	Bank of Dickson	17327	1.14	58.39	1.01	13.33	71.07	8.56
DICKSON	TriStar Bank	35417	0.93	62.51	1.31	10.09	71.36	8.89
DUCKTOWN	The Home Bank	10303	2.41	83.24	1.37	8.94	106.16	27.73
DUNLAP	Citizens Tri-County Bank	20818	2.21	65.99	1.11	8.21	72.83	23.66
DUNLAP	Mountain Valley Bank	1705	0.85	72.72	1.29	11.27	82.63	7.41
DYER	The Farmers & Merchants Bank	1480	0.81	51.27	1.21	8.06	60.9	9.57
ELIZABETHTON	Carter County Bank	15685	1.82	77.14	1.18	9.04	87.81	21.25
ELIZABETHTON	Citizens Bank	14851	2.48	76.23	1.12	10.89	105.27	20.33
ERIN	Traditions First Bank	57092	0.95	59.43	1.29	10.96	84.2	9.08
FAYETTEVILLE *	Bank of Lincoln County	57396	0.88	72.04	1.52	10.9	81.08	8.16
FRANKEWING	Bank of Frankewing	1484	1.1	74.17	1.54	9.83	83.53	11.4
FRANKLIN	Cumberland Bank	31916	0.63	63.77	1.03	7.22	79.47	9.03
FRANKLIN	Tennessee Commerce Bank	35296	1.02	88.21	1.33	10.04	97.83	10.43
GAINESBORO	Jackson Bank & Trust	2377	0.78	64.2	1.58	10.25	78.29	7.47

Tennessee State-Chartered Banks

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GALLATIN *	Sumner Bank & Trust	57954	-12.77	13.59	1.24	52.28	21.03	-24.46
GATES	Gates Banking and Trust Company	10306	0.66	39.83	2.56	11.41	46.06	6.06
GERMANTOWN *	First Capital Bank	57552	0.3	76.42	1.29	14.44	98.68	1.94
GLEASON	Bank of Gleason	2379	1.58	49.59	1.55	18.42	61.11	8.83
GREENEVILLE	Andrew Johnson Bank	22015	0.87	84.38	0.98	8.81	94.87	9.82
GREENEVILLE	Bank of Greeneville	57169	0.66	77.23	1.44	8.98	90.57	7.48
GREENEVILLE	Greene County Bank	895	1.05	83.25	1.46	7.93	99.03	11.18
GREENEVILLE *	Heritage Community Bank	57656	-1.49	92.37	1.25	12.71	111.48	-10.58
GREENFIELD	Greenfield Banking Company	15255	0.78	56.37	1.58	12.79	68.19	6.25
HALLS	Bank of Halls	10315	1.29	56.59	1.22	12.09	66.94	11.13
HALLS	The Lauderdale County Bank	22835	0.73	50.84	1.74	8.62	58.03	9.17
HARROGATE	Commercial Bank	22354	1.17	67.57	0.95	10.7	90.1	11.07
HARTSVILLE	Citizens Bank	6103	0.9	67.87	1.16	8.19	77.94	11.31
HENDERSON	Chester County Bank	19813	0.65	40.22	3.89	9.01	45.67	7.25
HENDERSON	Clayton Bank and Trust	6104	1.9	58.99	3.09	12.51	74.84	17.78
HENDERSONVILLE *	American Security Bank and Trust Company	57636	-2.09	56.59	1.25	24.13	71.43	-8.09
HUNTINGDON	Carroll Bank and Trust	2380	1.16	61.39	1.42	10.74	70.8	11.03
JACKSON	The Bank of Jackson	34457	1.32	81.56	1.18	11.28	96.99	11.78
JAMESTOWN	Community Bank of the Cumberlands	57111	1.01	80.93	1.21	9.07	89.07	11.33
JAMESTOWN	Union Bank	6088	1.05	55.93	1.44	12.14	64.03	8.71
JASPER	Citizens State Bank	20100	0.87	65.92	0.99	7.14	71.02	12.2
JEFFERSON CITY	First Peoples Bank of Tennessee	21874	0.71	66.26	1.24	8.05	74.14	9
JELICO	Union Bank	1693	1.4	55.05	1.32	11.27	62.38	12.87
JOHNSON CITY	State of Franklin Savings Bank	34137	2	56.25	0.91	8.81	74.37	23.23

Tennessee State-Chartered Banks

KEY BANK RATIOS

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KINGSPORT	Bank of Tennessee	21573	1.7	77.19	1.22	8.35	94.67	20.85
KNOXVILLE	BankEast	19869	-0.9	50.96	0.97	13.55	62.87	-6.29
KNOXVILLE *	American Trust Bank of East Tennessee	57689	-1.03	80.04	1.64	22.91	102.72	-4.23
LAFAYETTE	Citizens Bank of Lafayette	1711	1.04	48.73	1.47	10.06	54.4	10.48
LAFAYETTE	Macon Bank and Trust Company	6091	0.94	44.66	1.67	10.92	50.89	8.36
LEBANON	Wilson Bank and Trust	26962	1.19	74.23	1.28	9.22	84.3	13.75
LEBANON *	CedarStone Bank	57684	-2.63	79.77	1.27	16.34	95.25	-14.64
LENOIR CITY	United Community Bank Tennessee	33417	0.39	62.83	1.23	8.23	74.28	2.7
LEWISBURG *	First Commerce Bank	57465	0.75	64.84	1.25	10.67	72.47	7.15
LEXINGTON	Community Bank	31272	0.82	57.89	1.92	9.85	75.25	8.42
LEXINGTON	First Bank	8663	1.44	78.63	1.36	7.78	101.14	14.16
LIBERTY	Liberty State Bank	11881	0.97	65.52	1.66	10.61	73.73	9.32
LIVINGSTON	American Bank & Trust of the Cumberlands	31980	0.74	65.34	1.34	8.94	73.77	8.48
LIVINGSTON	Union Bank & Trust Company	9179	2.11	33.15	2.35	10.18	37.36	23.13
LOBELVILLE	Bank of Perry County	1713	2.81	71.87	1.62	16.3	89.97	16.67
LYNCHBURG	The Farmers Bank of Lynchburg	1690	0.64	65.09	2.21	12.49	75.76	5.27
MADISONVILLE	Peoples Bank of East Tennessee	34517	0.38	76.9	1.27	8.03	83.93	4.78
MANCHESTER	Coffee County Bank	22090	2.61	83.59	1.29	8.57	111.51	31.66
MANCHESTER	Peoples Bank & Trust Company	1475	0.92	49.79	1.09	9.26	56.55	9.73
MARYVILLE	Citizens Bank of Blount County	21227	1.52	65.45	1.45	16.82	84.07	9.21
MARYVILLE	The Home Bank of Tennessee	34192	1.34	70.06	1.69	8.83	81.63	15.22
MASON	The Bank of Mason	9956	0.3	22.53	2.21	11.93	29.54	1.84
MAURY CITY	Planters Bank of Tennessee	6106	0.86	64.38	3.91	10.36	72.69	8.22
MC KENZIE	McKenzie Banking Company	13955	2.02	45.09	7.71	12.82	52.28	16.43

Tennessee State-Chartered Banks

KEY BANK RATIOS

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MC MINNVILLE *	Homeland Community Bank	57632	-0.5	59.8	1.29	17.1	71.81	-2.82
MEDINA	Medina Banking Co.	10316	1.1	34.37	1.89	17.37	41.92	6.2
MEMPHIS	Independent Bank	34728	0.63	80.28	1.04	8.79	91.26	7.28
MEMPHIS	MemphisFirst Community Bank	34982	2.19	57.52	3.08	10.19	64.25	24.43
MEMPHIS	Tri-State Bank of Memphis	16511	0.2	52.11	2.48	12.36	59.8	1.57
MEMPHIS	Trust One Bank	34059	0.65	67.22	1.38	7.91	103.16	2.97
MILAN	The Bank of Milan	33851	0.69	55.81	2.36	8.9	77.46	7.8
MILLINGTON *	Patriot Bank	57416	1.57	83.69	1.24	9.55	94.95	16.96
MOSCOW	The Bank of Fayette County	10308	1.36	84.5	1.36	10.79	110.04	14.47
MOUNT JULIET	Bank of the South	57152	0.78	72.12	1.15	7.9	83.05	8.68
MOUNTAIN CITY	Farmers State Bank	13775	1.27	54.39	1.26	15.12	68.04	8.45
MOUNTAIN CITY	Johnson County Bank	22070	1.04	81.31	1.43	10.73	115.26	9.8
MURFREESBORO	Cavalry Banking	29644	1.31	74.05	1.08	8.49	82.15	15.41
MURFREESBORO *	MidSouth Bank	57659	-2.27	65.12	1.25	27.83	86.32	-7.54
NASHVILLE	Capital Bank & Trust Company	33902	0.86	80.15	1.19	7.81	101.06	12.67
NASHVILLE	Citizens Savings Bank and Trust Company	10319	1.33	71.18	1.8	12.43	81.35	11.28
NASHVILLE	Insurors Bank of Tennessee	35521	0.56	74.71	1.23	8.59	105.3	6.66
NASHVILLE	PrimeTrust Bank	57271	0.62	75.44	1.19	11.01	89.15	7.14
NASHVILLE	The Bank of Nashville	32713	0.8	78.21	1.39	9.23	118.66	4.79
NASHVILLE *	Nashville Bank and Trust Company	57825	-3.16	69.17	1.25	29.3	96.27	-9.48
NEW TAZEWELL	Citizens Bank	1695	-0.61	66.84	1.25	8.17	77.08	-7.28
NEWBERN	Security Bank	2391	1.25	63.91	1.15	11.33	80.73	11.07
OAK RIDGE	TNBank	34023	0.83	78.2	1.16	8.29	92.54	10.58
OAKLAND	Oakland Deposit Bank	10320	0.76	69.12	1.46	7.65	77.96	10.11

Tennessee State-Chartered Banks

KEY BANK RATIOS

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ONEIDA	First Trust and Savings Bank	6109	2.16	68.67	1.5	8.09	78.03	28.44
OOLTEWAH	Community Trust & Banking Company	35138	1.35	82.98	1.15	9.86	100.15	13.73
PARIS	Commercial Bank & Trust Co.	8660	1.7	71.64	1.85	7.94	81.09	19.48
PARIS	Security Bank and Trust Company	9172	1.85	70.03	0.71	9.74	78.11	19.43
PARSONS	Community South Bank	19849	2.26	76.13	1.61	9.31	110.78	22.55
PARSONS	Farmers Bank	8661	0.79	66.56	1.2	9.82	74.81	8.25
PIGEON FORGE	Tennessee State Bank	20720	1.39	64.98	1.43	7.86	79.72	18.15
PORTLAND	The Farmers Bank	1696	1.38	63.81	1.34	9.97	73.6	13.89
PORTLAND	Volunteer State Bank	22451	1.82	74.7	0.99	8.63	85.96	20.05
RIPLEY	Bank of Ripley	15673	0.88	45.1	1.65	15.21	57.82	5.88
ROGERSVILLE	First Community Bank of East Tennessee	33794	1.19	81.97	1.12	9.22	98.93	12.96
ROGERSVILLE	The Citizens Bank of East Tennessee	9499	0.68	74.74	1.17	7.91	87.25	8.66
RUTLEDGE	Citizens Bank and Trust Company of Grainger County	10317	1.26	40.74	2.42	18.04	50.55	7.05
SARDIS	The Peoples Bank	6110	0.97	48.02	2.75	13.08	56.16	7.62
SAVANNAH	Central Bank	31545	0.87	64.37	1.19	11.98	78.02	7.26
SAVANNAH	The Hardin County Bank	20993	1.03	60.07	1	9.21	72.27	11.57
SELMER	Home Banking Company	9196	1.04	59.92	1.52	8.34	66.28	12.97
SEVIERVILLE	Sevier County Bank	10318	0.91	46.5	1.76	12.18	53.67	7.5
SHELBYVILLE	First Community Bank of Bedford County	27211	1.26	65.96	1.48	10.88	80.4	11.71
SHELBYVILLE	Peoples Bank of Bedford County	35604	0.88	74.08	1.66	10.31	82.39	8.5
SOMERVILLE	The Somerville Bank & Trust Company	9174	1.25	64.38	2.21	7.93	72.86	11.66

Tennessee State-Chartered Banks

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SPENCER	Citizens Bank of Spencer	6092	1.68	46.66	3	13.05	54.66	13.31
SPRING CITY	First Bank of Tennessee	10693	1.48	82.38	1.03	8.92	94.9	16.7
TAZEWELL	First Century Bank	1700	0.82	52.21	1.27	9.69	57.94	8.79
TOONE	Merchants & Planters Bank	8665	0.85	53.1	3.67	9.47	61.03	9.35
TRENTON	Citizens City & County Bank	34399	1.51	73.38	1.52	9.31	81.48	17.49
TRENTON	Peoples State Bank of Commerce	1701	1.44	69.71	1.05	9.47	85.29	10.95
TREZEVANT	Farmer's and Merchants Bank	8439	0.76	83.66	1.55	10.88	99.73	6.81
TULLAHOMA	American City Bank of Tullahoma	21663	0.7	66.1	1.08	8.41	78.82	4.5
UNION CITY	First State Bank	1479	0.65	77.63	0.97	9.11	91.53	7.92
UNION CITY	Reelfoot Bank	9199	0.66	68.69	2.95	8.82	76.7	7.63
WARTBURG	Citizens First Bank	34311	0.94	81.77	0.96	9.22	99.57	10.25
WAYNESBORO	The Bank of Waynesboro	2375	1.06	75.4	2.41	9.38	89.41	11.26
WAYNESBORO	Wayne County Bank	9168	1.53	73.01	4.58	13.77	87.13	11.17
WINCHESTER	Citizens Community Bank	33739	1.86	70.75	1.52	11.18	84.81	16.63
WOODLAND MILLS	The Farmers Bank of Woodland Mills	15205	0.76	47.33	1.85	16.75	57.33	4.69
AVERAGES FOR BANKS OPERATING OVER 3 YEARS			1.12	65.10	1.60	10.31	77.99	11.26

* indicates banks operating less than 3 years

Tennessee State-Chartered Banks

CONSOLIDATED BALANCE SHEET (In Millions)

	June 30, 2005	June 30, 2004	\$ Change	% Change
ASSETS				
Cash and Due from Banks	1063	977	86	8.80%
Securities	5412	5369	43	0.80%
Federal Funds Sold and Securities Purchased Under Agreement to Resell	670	636	34	5.35%
Loans and Leases Held for Sale	224	223	1	0.45%
Loans and Leases, Net of Unearned Income	20661	18262	2399	13.14%
Allowance for Loan & Lease Losses	-283	-271	-12	4.43%
Assets held in Trading Accounts	0	0	0	
Premises and Fixed Assets	711	654	57	8.72%
Other Real Estate Owned	64	68	-4	-5.88%
Investments in Unconsolidated Subsidiaries	10	8	2	25.00%
Intangible Assets	283	264	19	7.20%
Other Assets	722	650	72	11.08%
TOTAL ASSETS	29537	26840	2697	10.05%
LIABILITIES				
Non-Interest Bearing Deposits	3234	2843	391	13.75%
Interest Bearing Deposits	21223	19428	1795	9.24%
TOTAL DEPOSITS	24457	22271	2186	9.82%
Federal Funds Purchased and Securities Sold Under Repurchase Agreement	466	429	37	8.62%
Demand Notes Issued to the U. S. Treasury	0	0	0	
Trading Liabilities	0	0	0	
Other Borrowed Money	1329	1196	133	11.12%
Other Liabilities	175	139	36	25.90%
TOTAL LIABILITIES	26427	24035	2392	9.95%
Minority Interests in Consolidated Subsidiaries	0	0	0	
EQUITY CAPITAL				
Preferred Stock	1	5	-4	-80.00%
Common Stock	249	211	38	18.00%
Surplus	1296	1185	111	9.37%
Undivided Profits	1576	1442	134	9.29%
Accumulated Other Comprehensive Income	-10	-37	27	-72.97%
Other Equity Capital Components	-2	-1	-1	
TOTAL EQUITY CAPITAL	3110	2805	305	10.87%
TOTAL LIABILITIES AND EQUITY CAPITAL	29537	26840	2697	10.05%

Tennessee State-Chartered Banks

CONSOLIDATED INCOME STATEMENT (In Millions)

	June 30, 2005	June 30, 2004
Interest Income	804	680
Interest Expense	254	184
NET INTEREST INCOME	550	496
Non-Interest Income	139	125
Non-Interest Expense	444	408
Provision for Loan Losses	30	32
Securities Gains/Losses	4	2
Pre-Tax Net Income	219	183
Applicable Income Taxes	58	49
NET OPERATING INCOME	161	134
Extraordinary Gains/Losses	0	0
NET INCOME	161	134
TOTAL CASH DIVIDENDS	68	54

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SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
ADAMSVILLE	FARMERS & MERCHANTS BANK	9188	6438	8996	13757	511	2377	31057	22580	4066	0	3411	75
ASHLAND CITY	COMMUNITY BANK & TRUST	35258	3708	28247	95098	1276	9001	134778	115648	4450	0	14680	594
ATHENS	SOUTHEAST BANK & TRUST	57348	1938	16941	106077	1294	8130	131792	114535	5836	0	11421	592
ATWOOD	CITIZENS BANK & TRUST COMPANY	6100	710	8157	10081	122	676	19502	17630	145	0	1727	129
BARTLETT	BANK OF BARTLETT	23123	17396	142482	250742	3097	27612	435135	367595	33811	0	33729	1061
BELLS	BANK OF CROCKETT	1468	6116	38077	48665	828	5660	97690	84963	1908	0	10819	736
BELLS	BELLS BANKING COMPANY	1469	5819	14120	11467	227	469	31648	26802	226	0	4620	124
BENTON	BENTON BANKING COMPANY	10696	3746	7770	81749	1050	3888	96103	83157	3157	0	9789	499
BOLIVAR	FIRST SOUTH BANK	9170	7123	64912	191590	2534	14792	275883	246654	4585	0	24644	2363
BRADFORD	THE BANK OF BRADFORD	2382	656	25042	11172	313	809	37366	31025	200	0	6141	97
BRIGHTON	BRIGHTON BANK	9189	3033	13800	35431	668	3155	54751	46110	3374	0	5267	166
BROWNSVILLE	INSOUTH BANK	22020	23343	56325	381076	2579	37514	495679	334447	117187	0	44045	3154
BYRDSTOWN	PEOPLE'S BANK & TRUST CO OF PICKETT COUNTY	22756	1945	12958	72447	1491	3949	89808	76422	2956	0	10430	936
CAMDEN	BANK OF CAMDEN	9176	7785	79764	49863	1199	8058	144271	119423	2251	0	22597	1047
CARTHAGE	CITIZENS BANK	893	8153	187448	237692	2691	11951	442553	363267	2011	0	77275	5168
CHAPEL HILL	FIRST STATE BANK	2383	4842	12049	21544	356	2344	40423	32610	1721	0	6092	157
CHATTANOOGA	COHUTTA BANKING COMPANY OF TENNESSEE	57913	242	1001	28391	295	395	29734	2321	17593	0	9820	-181
CHATTANOOGA	CORNERSTONE COMMUNITY BANK	26256	19191	29304	239521	3030	10483	295469	232557	39351	0	23561	1841
CHATTANOOGA	FIRST VOLUNTEER BANK OF TENNESSEE	10307	16389	64562	369578	4333	38661	484857	434952	6313	0	43592	2668
CLARKSVILLE	CUMBERLAND BANK AND TRUST	57091	2348	12822	65158	941	2822	82209	67848	6439	0	7922	472
CLARKSVILLE	F&M BANK	9963	10207	51762	398357	3498	25737	482565	407317	37634	0	37614	2560
CLARKSVILLE	LEGENDS BANK	34936	11246	41747	141129	1616	8793	201299	169932	14963	0	16404	1002
CLEVELAND	BANK OF CLEVELAND	26955	4431	7843	177325	1876	7479	195202	173637	4274	0	17291	1637

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SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
CLEVELAND	SOUTHERN HERITAGE BANK	35093	3849	32768	135190	1886	7225	177146	157567	1320	0	18259	985
CLEVELAND	THE BANK/FIRST CITIZENS BANK	21498	14214	91073	318335	4751	15053	433924	371582	27345	0	34997	5288
CLIFTON	PEOPLES BANK	9489	2515	19813	78770	1589	8036	107545	92690	6298	0	8557	436
CLINTON	THE COMMUNITY BANK OF EAST TENNESSEE	34847	2369	22956	40391	500	3556	68772	60630	1682	0	6460	238
COLLIERVILLE	BANKTENNESSEE	29177	7801	40994	134841	1713	19256	201179	156733	21045	0	23401	161
COLUMBIA	COMMUNITY FIRST BANK & TRUST	35165	3567	33820	237079	2945	12674	284195	250033	9294	0	24868	1372
COOKEVILLE	BANK OF PUTNAM COUNTY	8432	8826	106144	129271	971	10986	254256	233439	1903	0	18914	1377
CORDOVA	FIRST ALLIANCE BANK	35245	2435	8151	79844	1058	5466	94838	82142	4189	0	8507	302
CORNERSVILLE	FARMERS BANK	1692	1560	16015	61481	962	5668	83762	62668	12543	0	8551	154
CROSSVILLE	CUMBERLAND COUNTY BANK	18364	6363	68764	83365	950	3924	161466	149411	806	0	11249	892
DECATURVILLE	DECATUR COUNTY BANK	6101	3360	41581	35842	492	4498	84789	58083	16286	0	10420	273
DECHERD	FRANKLIN COUNTY UNITED BANK	57851	327	10342	12944	162	1162	24613	16436	46	0	8131	-501
DICKSON	BANK OF DICKSON	17327	3065	59220	95376	967	4981	161675	132835	6781	0	22059	934
DICKSON	TRISTAR BANK	35417	1525	24699	56334	739	7113	88932	77903	1687	0	9342	402
DUCKTOWN	THE HOME BANK	10303	3749	10048	95553	1313	5180	113217	88773	14436	0	10008	1339
DUNLAP	CITIZENS TRI-COUNTY BANK	20818	13824	77727	229648	2540	25511	344170	311853	2905	0	29412	3415
DUNLAP	MOUNTAIN VALLEY BANK	1705	2687	13421	54190	701	3956	73553	64731	508	0	8314	310
DYER	THE FARMERS & MERCHANTS BANK	1480	2006	29195	40278	487	6626	77618	65334	5397	0	6887	319
ELIZABETHTON	CARTER COUNTY BANK OF ELIZABETHTON	15685	6238	29484	159741	1878	11049	204634	179776	6404	0	18454	1892
ELIZABETHTON	CITIZENS BANK	14851	11872	77693	402558	4519	34576	522180	378122	78478	0	65580	6556
ERIN	TRADITIONS FIRST BANK	57092	1273	18514	33757	435	2956	56065	39575	10392	0	6098	268
FAYETTEVILLE	BANK OF LINCOLN COUNTY	57396	1686	24405	73196	1114	1879	100052	88898	551	0	10603	424
FRANKEWING	BANK OF FRANKEWING	1484	6532	17029	95537	1476	9193	126815	112606	1739	0	12470	691

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SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
FRANKLIN	CUMBERLAND BANK	31916	30710	196289	448964	4637	25412	696738	559126	86724	250	50638	2212
FRANKLIN	TENNESSEE COMMERCE BANK	35296	2874	29044	279879	3727	5008	313078	282279	940	0	29859	1426
GAINESBORO	JACKSON BANK & TRUST	2377	4297	45415	110704	1750	11052	169718	139159	12611	0	17948	661
GALLATIN	SUMNER BANK & TRUST	57954	493	26095	4342	54	671	31547	20393	63	0	11091	-654
GATES	GATES BANKING AND TRUST COMPANY	10306	2012	13395	11840	303	2020	28964	25048	543	0	3373	101
GERMANTOWN	FIRST CAPITAL BANK	57552	855	15326	62826	810	2959	81156	62847	7334	0	10975	106
GLEASON	BANK OF GLEASON	2379	3098	43268	49864	771	3541	99000	80339	444	0	18217	792
GREENEVILLE	ANDREW JOHNSON BANK	22015	7172	13007	163130	1600	9818	191527	170261	4025	0	17241	834
GREENEVILLE	BANK OF GREENEVILLE	57169	6225	7622	67480	970	5764	86121	73434	4703	0	7984	293
GREENEVILLE	GREENE COUNTY BANK	895	35420	101212	1159701	16880	93279	1372732	1154040	91721	0	126971	6858
GREENEVILLE	HERITAGE COMMUNITY BANK	57656	603	805	51648	647	2805	55214	45750	2875	0	6589	-357
GREENFIELD	GREENFIELD BANKING COMPANY	15255	1822	16624	26529	419	1767	46323	38289	2105	0	5929	183
HALLS	BANK OF HALLS	10315	1999	15827	28010	342	3395	48889	41331	1490	0	6068	329
HALLS	THE LAUDERDALE COUNTY BANK	22835	1322	14504	19211	334	2426	37129	32531	1513	0	3085	137
HARROGATE	COMMERCIAL BANK	22354	24438	75423	278933	2645	32742	408891	306636	58204	0	44051	2372
HARTSVILLE	CITIZENS BANK	6103	3326	23560	62940	731	2565	91660	79819	4564	0	7277	396
HENDERSON	CHESTER COUNTY BANK	19813	8370	14385	16796	653	1238	40136	35350	1098	0	3688	132
HENDERSON	CLAYTON BANK AND TRUST	6104	7875	81560	148151	4583	10384	243387	191826	21970	0	29591	2280
HENDERSONVILLE	AMERICAN SECURITY BANK & TRUST COMPANY	57636	788	18266	29073	364	2965	50728	40190	125	0	10413	-429
HUNTINGDON	CARROLL BANK AND TRUST	2380	4674	47388	97166	1377	8186	156037	135296	4074	0	16667	908
JACKSON	THE BANK OF JACKSON	34457	3137	12248	83660	990	3303	101358	85239	4903	0	11216	644
JAMESTOWN	COMMUNITY BANK OF THE CUMBERLANDS	57111	2389	7929	63887	772	4553	77986	70858	333	0	6795	375
JAMESTOWN	UNION BANK	6088	3664	48773	78392	1128	8453	138154	120660	1070	0	16424	712
JASPER	CITIZENS STATE BANK	20100	2497	14604	41313	407	4051	62058	57596	216	0	4246	260

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SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
JEFFERSON CITY	FIRST PEOPLES BANK OF TENNESSEE	21874	7574	22338	68093	843	4326	101488	90705	2559	0	8224	366
JELICO	UNION BANK	1693	1916	18339	29711	393	3682	53255	46996	464	0	5795	369
JOHNSON CITY	STATE OF FRANKLIN SAVINGS BANK	34137	9732	110742	175579	1606	14839	309286	233916	47848	0	27522	3001
KINGSPORT	BANK OF TENNESSEE	21573	21436	59967	383852	4687	30636	491204	400509	48901	0	41794	4292
KNOXVILLE	AMERICAN TRUST BANK OF EAST TENNESSEE	57689	1747	6730	38688	636	1011	47540	37044	194	0	10302	-218
KNOXVILLE	BANKEAST	19869	6780	52747	94471	912	30503	183589	148815	10520	0	24254	-646
LAFAYETTE	CITIZENS BANK OF LAFAYETTE	1711	8286	125614	137010	2008	8132	277034	248173	888	0	27973	1432
LAFAYETTE	MACON BANK AND TRUST COMPANY	6091	8810	107483	105393	1755	12120	232051	203642	2557	0	25852	1070
LEBANON	CEDARSTONE BANK	57684	1139	6326	34154	434	1086	42271	35401	508	0	6362	-480
LEBANON	WILSON BANK AND TRUST	26962	27631	184679	747457	9593	43900	994074	875307	28740	0	90027	5047
LENOIR CITY	UNITED COMMUNITY BANK TENNESSEE	33417	9358	61873	171483	2108	28969	269575	228023	2804	0	38748	498
LEWISBURG	FIRST COMMERCE BANK	57465	1568	39695	85842	1076	4701	130730	116959	800	0	12971	456
LEXINGTON	COMMUNITY BANK	31272	1743	22151	35954	690	1762	60920	46862	8305	0	5753	244
LEXINGTON	FIRST BANK	8663	24855	157091	952838	12958	73431	1195257	929265	146643	-2	119351	8399
LIBERTY	LIBERTY STATE BANK	11881	2446	26382	62545	1040	3544	93877	83420	397	0	10060	459
LIVINGSTON	AMERICAN BANK & TRUST OF THE CUMBERLANDS	31980	3033	14173	38238	513	2804	57735	51141	1433	0	5161	215
LIVINGSTON	UNION BANK & TRUST COMPANY	9179	1296	42428	24822	583	5158	73121	64883	925	0	7313	784
LOBELVILLE	BANK OF PERRY COUNTY	1713	2855	15529	59687	967	4604	81708	65267	3358	0	13083	1117
LYNCHBURG	THE FARMERS BANK OF LYNCHBURG	1690	1367	14611	39074	864	4512	58700	50436	1145	0	7119	187
MADISONVILLE	PEOPLES BANK OF EAST TENNESSEE	34517	3900	15355	92086	1172	8062	118231	108321	578	0	9331	217
MANCHESTER	COFFEE COUNTY BANK	22090	2337	10416	75779	977	1930	89485	67082	15181	0	7222	1080
MANCHESTER	PEOPLES BANK & TRUST COMPANY	1475	1202	28525	32891	358	3078	65338	57529	1681	0	6128	296

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SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
MARYVILLE	CITIZENS BANK OF BLOUNT COUNTY	21227	13355	62636	162439	2354	8502	244578	190408	13475	0	40695	1831
MARYVILLE	THE HOME BANK OF TENNESSEE	34192	2322	24452	80423	1356	7021	112862	96864	6453	0	9545	705
MASON	THE BANK OF MASON	9956	758	4185	1988	44	1742	8629	6581	31	0	2019	2
MAURY CITY	PLANTERS BANK OF TENNESSEE	6106	4060	3213	16444	643	1468	24542	21738	98	0	2706	109
MC KENZIE	MCKENZIE BANKING COMPANY	13955	28033	13960	41042	3164	4129	84000	72448	618	0	10934	864
MC MINNVILLE	HOMELAND COMMUNITY BANK	57632	1123	13516	25482	329	2271	42063	35027	166	0	6870	-97
MEDINA	MEDINA BANKING CO.	10316	1813	15804	9630	182	425	27490	22537	78	0	4875	158
MEMPHIS	INDEPENDENT BANK	34728	15838	57826	368923	3855	16007	454739	400044	15730	0	38965	1393
MEMPHIS	MEMPHISFIRST COMMUNITY BANK	34982	515	10063	15626	482	607	26329	23572	89	0	2668	291
MEMPHIS	TRI-STATE BANK OF MEMPHIS	16511	7661	45399	64434	1595	4681	120580	105083	803	0	14694	115
MEMPHIS	TRUST ONE BANK	34059	15544	56876	367250	5061	104189	538798	351081	71659	0	116058	1727
MILAN	THE BANK OF MILAN	33851	1189	18208	29012	685	3035	50759	36570	9657	0	4532	178
MILLINGTON	PATRIOT BANK	57416	2413	8970	91128	1130	6162	107543	94781	2563	0	10199	822
MOSCOW	THE BANK OF FAYETTE COUNTY	10308	4459	9823	105509	1432	4806	123165	94584	16014	0	12567	771
MOUNT JULIET	BANK OF THE SOUTH	57152	10081	63607	254212	2928	23432	348404	302553	13422	0	32429	1188
MOUNTAIN CITY	FARMERS STATE BANK	13775	3894	46145	64607	813	3460	117293	93759	5835	0	17699	740
MOUNTAIN CITY	JOHNSON COUNTY BANK	22070	2574	9962	79435	1138	5466	96299	67931	18329	0	10039	479
MURFREESBORO	CAVALRY BANKING	29644	83357	29502	452086	4903	43871	603913	544379	9053	0	50481	3741
MURFREESBORO	MIDSOUTH BANK	57659	2324	23542	66205	826	9154	100399	75739	186	0	24474	-925
NASHVILLE	CAPITAL BANK & TRUST COMPANY	33902	9088	58039	344184	4107	17074	424278	336497	55692	0	32089	1709
NASHVILLE	CITIZENS SAVINGS BANK & TRUST COMPANY	10319	3959	10643	39001	703	905	53805	47079	647	0	6079	331
NASHVILLE	INSURORS BANK OF TENNESSEE	35521	1085	14247	51641	633	1932	68272	48440	14062	0	5770	188

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City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
NASHVILLE	NASHVILLE BANK AND TRUST COMPANY	57825	1310	16978	43416	543	825	61986	44535	284	0	17167	-833
NASHVILLE	PRIMETRUST BANK	57271	6514	65722	271133	3239	14981	355111	300483	17907	0	36721	1013
NASHVILLE	THE BANK OF NASHVILLE	32713	14012	67451	569154	7910	74919	717626	472979	127964	0	116683	2724
NEW TAZEVELL	CITIZENS BANK	1695	10502	21557	92402	1159	13202	136504	118376	7109	0	11019	-407
NEWBERN	SECURITY BANK	2391	8668	29440	87522	1006	10747	135371	107161	12929	0	15281	843
OAK RIDGE	TNBANK	34023	3985	20850	111253	1294	5814	140608	118826	10120	0	11662	566
OAKLAND	OAKLAND DEPOSIT BANK	10320	4706	15729	64198	938	7826	91521	81149	3524	0	6848	337
ONEIDA	FIRST TRUST AND SAVINGS BANK	6109	5864	23369	74202	1115	4108	106428	93670	4279	0	8479	1158
OOLTEWAH	COMMUNITY TRUST & BANKING COMPANY	35138	2777	6055	71168	819	5595	84776	70247	6520	0	8009	533
PARIS	COMMERCIAL BANK & TRUST CO.	8660	10583	85450	316616	5849	26984	433784	383256	11374	0	39154	3712
PARIS	SECURITY BANK AND TRUST COMPANY	9172	9014	23954	94541	675	7204	134038	120164	990	0	12884	1214
PARSONS	COMMUNITY SOUTH BANK	19849	8152	50681	251582	4040	18766	325141	223446	71222	0	30473	3316
PARSONS	FARMERS BANK	8661	1573	8851	24923	298	1946	36995	32917	343	0	3735	151
PIGEON FORGE	TENNESSEE STATE BANK	20720	15312	119563	322492	4620	36443	489190	398742	53230	0	37218	3305
PORTLAND	THE FARMERS BANK	1696	10721	89567	201824	2705	12655	312062	270555	9735	0	31772	2157
PORTLAND	VOLUNTEER STATE BANK	22451	6749	30356	155561	1545	15045	206166	179178	9048	0	17940	1767
RIPLEY	BANK OF RIPLEY	15673	5073	73281	72528	1194	8488	158176	123362	10174	0	24640	712
ROGERSVILLE	FIRST COMMUNITY BANK OF EAST TENNESSEE	33794	7703	15588	176464	1973	15097	212879	176383	16895	0	19601	1246
ROGERSVILLE	THE CITIZENS BANK OF EAST TENNESSEE	9499	3098	17707	86370	1009	8051	114217	97837	7188	0	9192	389
RUTLEDGE	CITIZENS BANK & TRUST CO OF GRAINGER COUNTY	10317	4444	73479	60265	1461	7622	144349	116324	2105	0	25920	913
SARDIS	THE PEOPLES BANK	6110	1204	17751	19114	525	1167	38711	33099	659	0	4953	185
SAVANNAH	CENTRAL BANK	31545	4763	23029	60376	717	5234	92685	76465	5483	0	10737	383
SAVANNAH	THE HARDIN COUNTY BANK	20993	5553	61880	132083	1321	19500	217695	180923	16657	0	20115	1121
SELMER	HOME BANKING COMPANY	9196	2766	15607	33706	512	3826	55393	50085	657	0	4651	292

Tennessee State-Chartered Banks

SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
SEVIERVILLE	SEVIER COUNTY BANK	10318	12789	145059	150995	2658	12786	318971	276364	3662	0	38945	1439
SHELBYVILLE	FIRST COMMUNITY BANK OF BEDFORD COUNTY	27211	8436	52250	146218	2160	13668	218412	179167	15441	0	23804	1370
SHELBYVILLE	PEOPLES BANK OF BEDFORD COUNTY	35604	1393	9484	41545	690	3415	55147	49586	201	0	5360	225
SOMERVILLE	THE SOMERVILLE BANK & TRUST COMPANY	9174	5340	46604	116248	2567	10942	176567	156017	1236	0	19314	1093
SPENCER	CITIZENS BANK OF SPENCER	6092	1146	15724	16309	489	1213	33903	28945	311	0	4647	300
SPRING CITY	FIRST BANK OF TENNESSEE	10693	7987	12948	141559	1465	9027	170056	147617	7342	0	15097	1251
TAZEWELL	FIRST CENTURY BANK	1700	9762	103690	146058	1854	18552	276208	248864	1022	0	26322	1140
TOONE	MERCHANTS & PLANTERS BANK	8665	3245	30755	48764	1788	7492	88468	76969	3194	0	8305	382
TRENTON	CITIZENS CITY & COUNTY BANK	34399	1056	4186	20399	311	2044	27374	24653	184	0	2537	212
TRENTON	PEOPLES STATE BANK OF COMMERCE	1701	3102	12947	57005	601	8457	80910	66130	4129	0	10651	576
TREZEVANT	FARMER'S AND MERCHANTS BANK	8439	3987	3060	86258	1337	9535	101503	85155	5524	0	10824	365
TULLAHOMA	AMERICAN CITY BANK OF TULLAHOMA	21663	2416	31360	99484	1077	16695	148878	124843	1464	0	22571	518
UNION CITY	FIRST STATE BANK	1479	16099	116928	628112	6095	46166	801210	679568	50723	100	70819	2461
UNION CITY	REELFOOT BANK	9199	9711	20433	98863	2916	13589	139680	125091	2318	0	12271	462
WARTBURG	CITIZENS FIRST BANK	34311	2463	9206	76428	730	5206	92573	76027	8033	0	8513	427
WAYNESBORO	THE BANK OF WAYNESBORO	2375	4534	15727	89066	2144	8096	115279	97221	7511	0	10547	579
WAYNESBORO	WAYNE COUNTY BANK	9168	4252	24936	119868	5486	13093	156663	131277	3802	0	21584	1179
WINCHESTER	CITIZENS COMMUNITY BANK	33739	4803	20759	81786	1245	7731	113834	94963	6107	0	12764	1054
WOODLAND MILLS	THE FARMERS BANK	15205	422	5707	5795	107	202	12019	9922	30	0	2067	48
	TOTALS		1062953	6082024	20885871	283590	1790719	29537977	24457481	1969853	348	3109296	161378

Tennessee State-Chartered Banks

SUMMARY OF INDIVIDUAL BANKS AS OF JUNE 30, 2005 (In Thousands)

- (A) Cash - Includes currency/coin, both interest-bearing and non-interest bearing balances due from depository institutions
- (B) Investments – Investments owned: Includes securities, federal funds sold, , and securities purchased under agreements to resell
- (C) Total Loans – Includes all loans and lease financing receivables, net of unearned income
- (D) Loan Loss Reserve – Allowance for Loan and Lease Losses
- (E) Other Assets – Includes premises and fixed assets, trading assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customer's liability to bank on acceptances outstanding, intangible assets, and assets not reportable elsewhere.
- (F) Total Deposits – Includes all interest bearing and non-interest bearing customer deposits held.
- (G) Other Liabilities – Includes federal funds purchased, securities sold under agreements to repurchase, demand notes issued to U.S. Treasury, mortgage indebtedness, obligations under capital leases, bank's liability on acceptances outstanding, and all other liabilities
- (H) Minority Interest in Unconsolidated Subsidiaries
- (I) Equity Capital – Includes preferred stock, common stock, surplus, undivided profits, and accumulated other comprehensive income
- (J) Net Income – Income earned after all expenses, taxes, and extraordinary items

Tennessee State-Chartered Trust Companies

CONSOLIDATED STATEMENT OF CONDITION (To the nearest thousand)

	June 30, 2005	June 30, 2004	\$ Change	% Change
ASSETS				
Cash and Due from Banks	6,995	4,799	2,196	45.8%
Securities and Investments	2,509	2,716	-207	-7.6%
Premises and Fixed Assets	1,424	1,873	-449	-24.0%
Other Assets	17,127	39,834	-22,707	-57.0%
TOTAL ASSETS	28,055	49,222	-21,167	-43.0%
LIABILITIES				
Other Liabilities	9,616	8,506	1,110	13.1%
TOTAL LIABILITIES	9,616	8,506	1,110	13.1%
Unrestricted Assets	251	293	-42	-14.3%
Temporarily Restricted Assets	12	17	-5	-29.4%
Permanently Restricted Assets	8	8	0	0.0%
EQUITY CAPITAL				
Common Stock	4,640	4,630	10	0.2%
Less: Treasury Stock	-167	-167	0	0.0%
Surplus	12,706	36,062	-23,356	-64.8%
Undivided Profits	929	-133	1,062	798.5%
Deferred Compensation	0	0	0	0.0%
Unrealized Gains and (Losses)	60	6	54	900.0%
TOTAL EQUITY CAPITAL	18,168	40,398	-22,230	-55.0%
TOTAL LIABILITIES AND EQUITY CAPITAL	28,055	49,222	-21,167	-43.0%

Tennessee State-Chartered Trust Companies

CONSOLIDATED INCOME STATEMENT (To the nearest thousand)

	June 30, 2005	June 30, 2004	\$ Change	% Change
Fee Income	34,068	30,846	3,222	10.4%
NET FEE INCOME	34,068	30,846	3,222	10.4%
Other Income	130	335	-205	-61.2%
TOTAL INCOME	34,198	31,181	3,017	9.7%
Operating Expenses	17,752	24,641	-6,889	-28.0%
Advisor/Consulting Fees	11,953	3,450	8,503	246.5%
Inter-Company Expense (Credit)	850	0	850	850.0%
Securities (Gains) and Losses	2	2	0	0.0%
TOTAL OPERATING EXPENSE	30,557	28,093	2,464	8.8%
Pre-Tax Net Operating Income	3,641	3,088	553	17.9%
Applicable Income Taxes	450	541	-91	-16.8%
Non-Operating Expenses	1574	841	733	87.2%
NET OPERATING INCOME	1,617	1,706	-89	-5.2%
Extraordinary Gains/Losses	0	0	0	0.0%
NET INCOME	1,617	1,706	-89	-5.2%
TOTAL DIVIDENDS AND/OR DISTRIBUTIONS	100	736	-636	-86.4%

Tennessee State-Chartered Trust Companies

STATEMENT OF CONDITION (As of June 30, 2005) (To Nearest Thousand)

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		Cash	Investments	Other Assets	Total Assets	Other Liabilities	Equity Capital	Net Income	TAUM	Common / Collective Funds	Number of Funds
Meridian Trust and Investment Company	Knoxville	471	210	465	1,146	54	1,092	157	316,814		
The Trust Company of Knoxville	Knoxville	741	647	597	1,985	442	1,543	278	838,804	33,646	5
Diversified Trust Company	Memphis	34	0	3,254	3,288	2,285	1,003	0	2,395,147	815,311	12
First Mercantile Trust Company	Memphis	4,691	0	13,332	18,023	6,927	11,096	621	3,884,184	3,491,201	240
Investment Counsel and Trust Company	Memphis	338	432	243	1,013	146	867	99	239,716		
Cumberland Trust and Investment Company	Nashville	207	0	466	673	64	609	-147	340,966		
Equitable Trust Company	Nashville	424	1,202	21	1,647	-311	1,958	621	965,609		
Guardianship and Trusts Corporation (K, L)	Nashville	89	18	173	280	9	271(M)	-12	12,317		
TOTAL		6,995	2,509	18,551	28,055	9,616	18,168	1,617	8,993,557		

FOOTNOTE:

(A) Cash - Includes currency and coin, and both interest bearing and non-interest bearing balances due from depository institutions

(B) Investments - Investments Owned

(C) Other Assets -Includes premises and fixed assets, investments in unconsolidated subsidiaries, intangible assets, and all other assets

(D) Total Assets - The sum of (A) through (C)

(E) Other Liabilities - Includes all liabilities

(F) Equity Capital - Includes preferred stock, common stock, debt capital, surplus, undivided profits, and all other capital reserves net of any unrealized holding gains (losses) on available for sale securities

(G) Net Income - Income earned after all expenses, taxes, and extraordinary items

(H) Total Assets Under Management - Total Discretionary and Non-Discretionary Assets Under Management inclusive of funds held in Common/Collective Funds

(I) Common/Collective Funds - Assets held in Common and/or Collective Investment Funds trusted by company at market value

(J) Number of Funds - Number of Common/Collective Funds

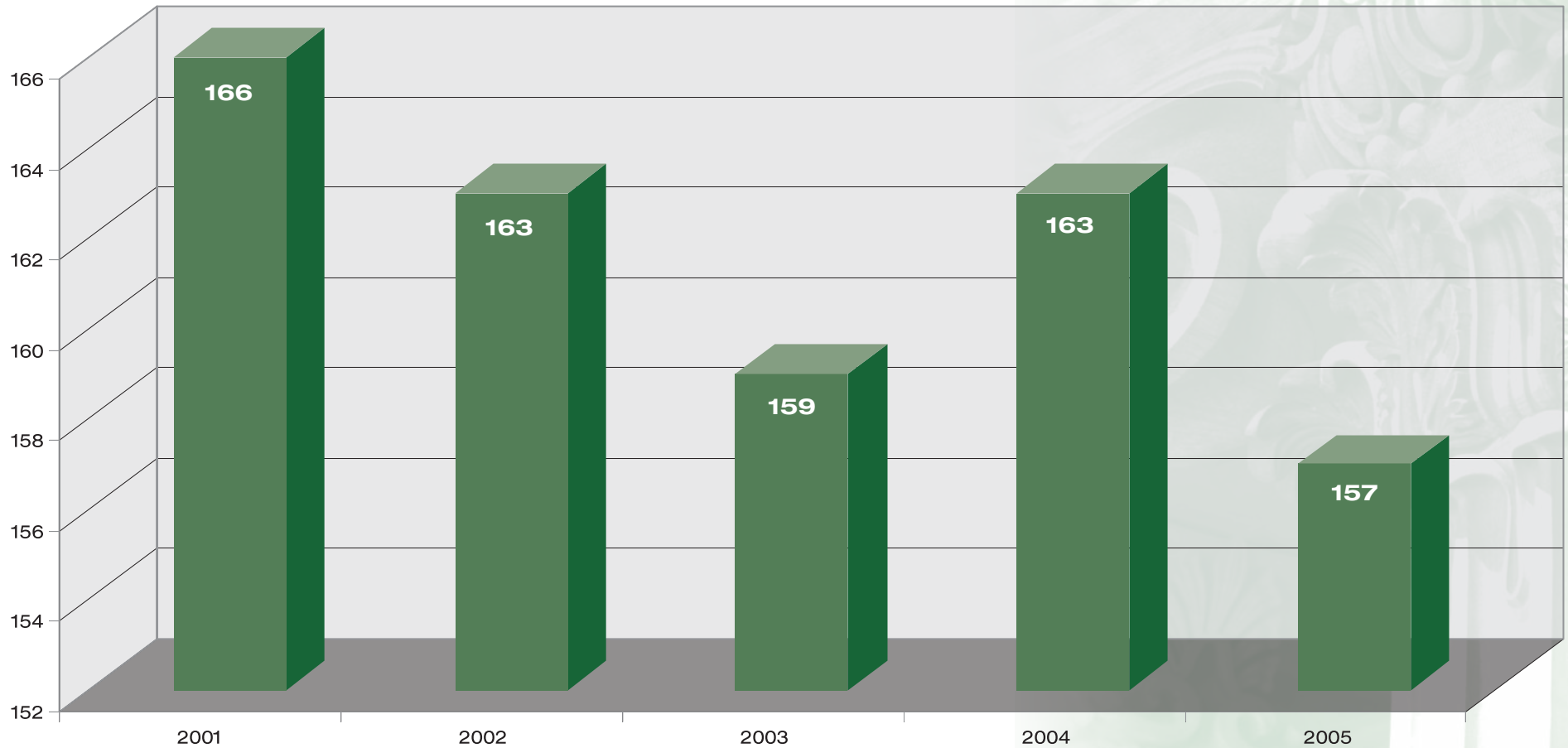
(K) Not-for-profit trust company

(L) Operates on a fiscal year ending June 30

(M) Net Assets

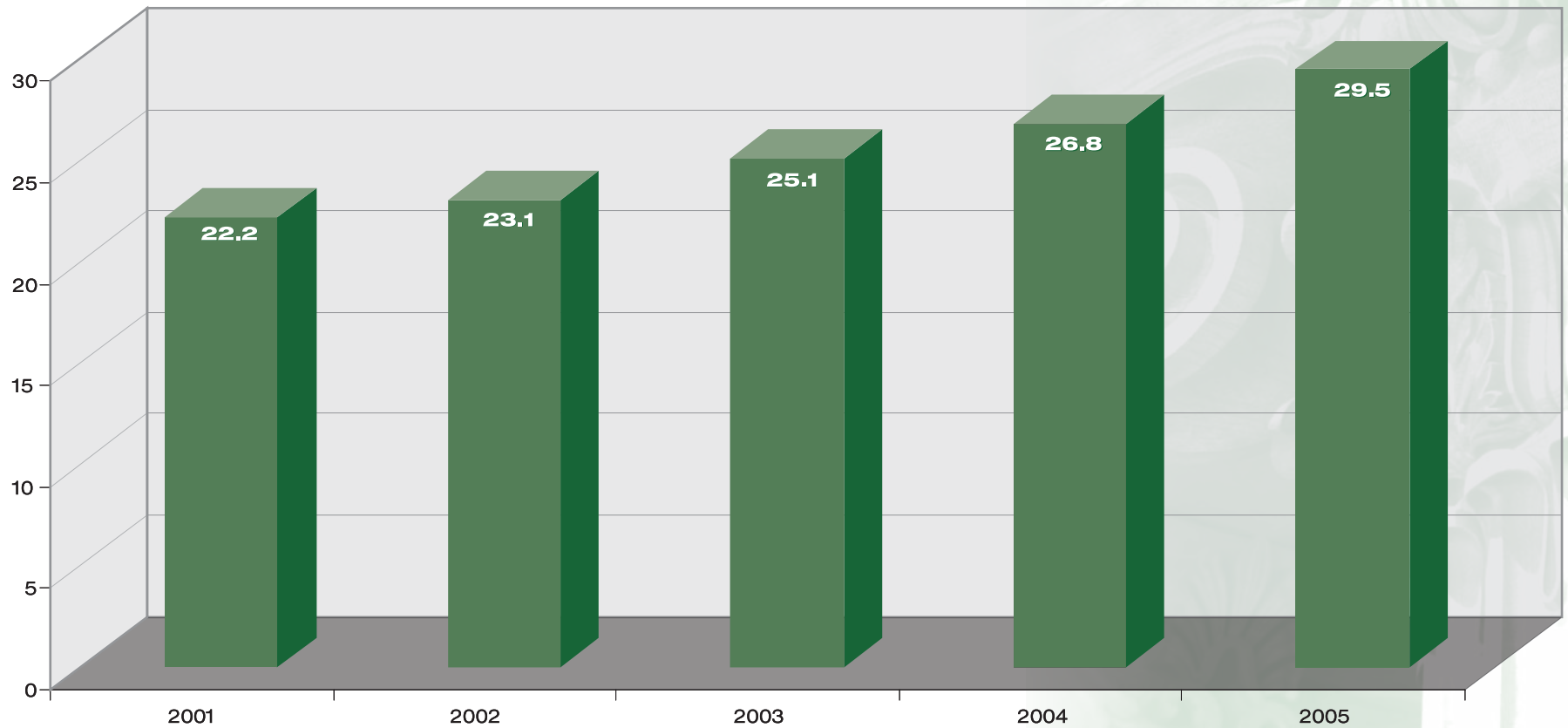
Bank Division

NUMBER OF STATE-CHARTERED BANKS IN TENNESSEE (As of June 30, 2005)



ASSETS OF STATE-CHARTERED BANKS IN TENNESSEE

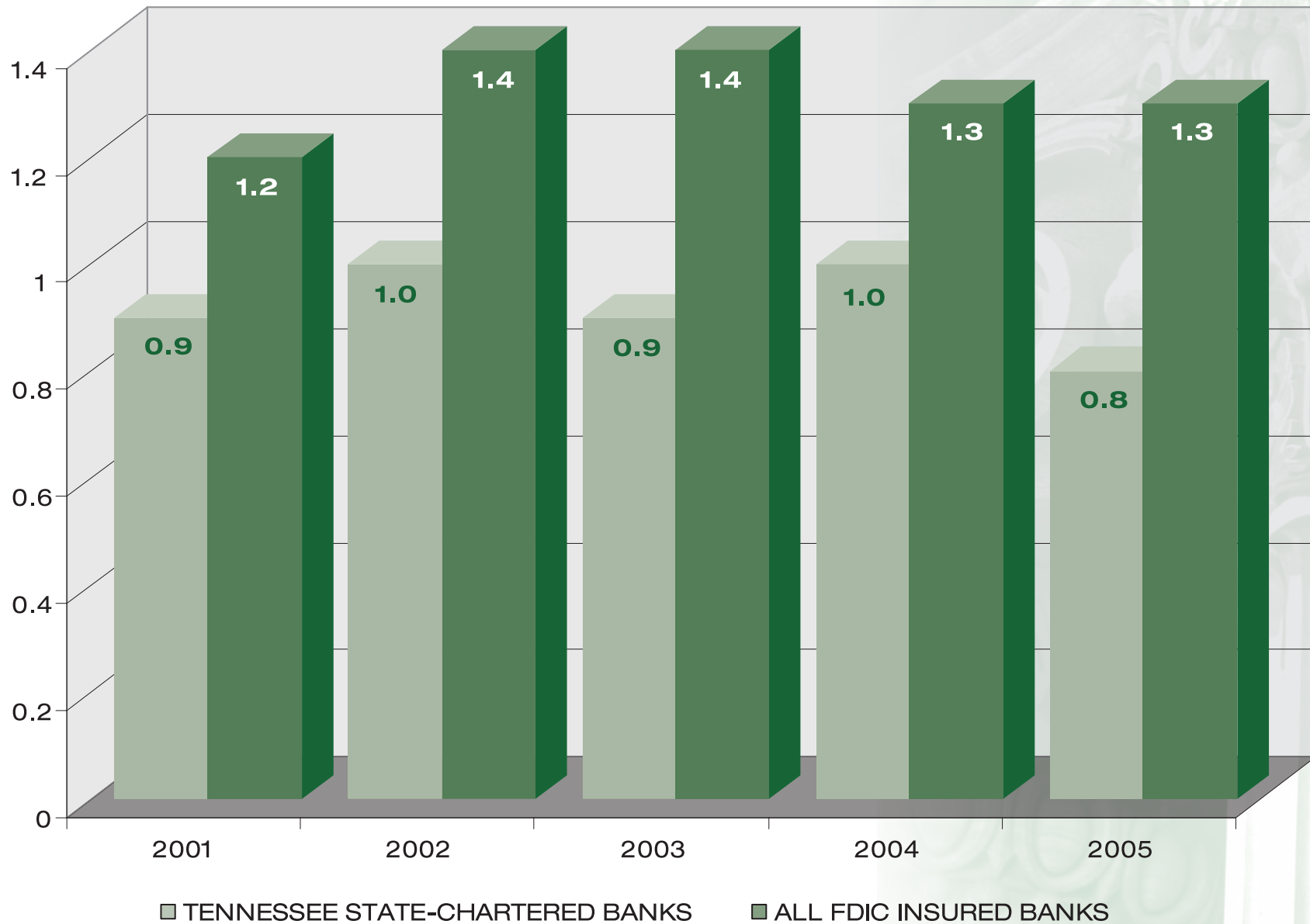
(In Billions)
(As of June 30, 2005)



Bank Division

RETURN ON ASSETS OF STATE-CHARTERED BANKS IN TENNESSEE

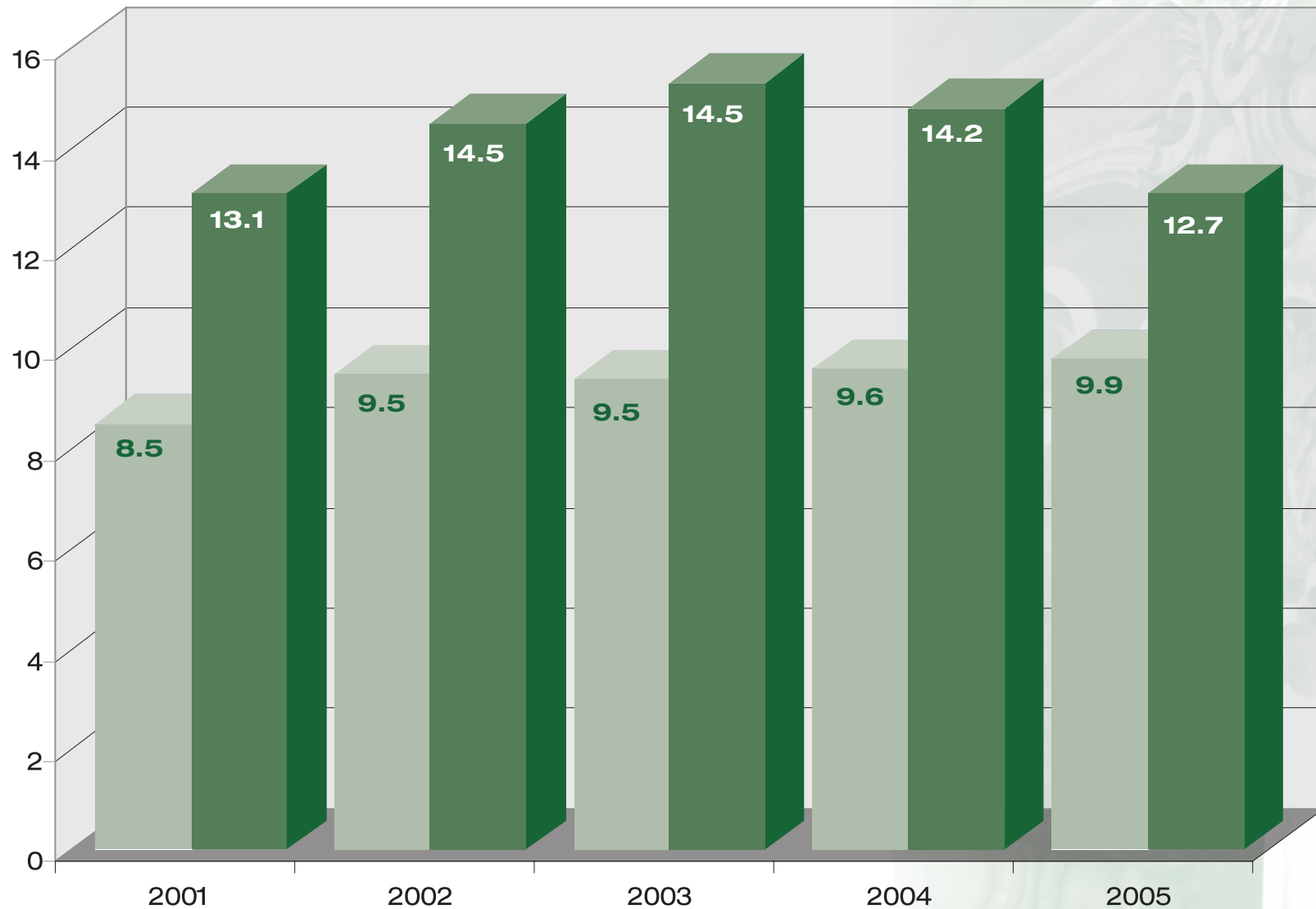
(Ratios)
(As of June 2005)



Bank Division

RETURN ON EQUITY OF STATE-CHARTERED BANKS IN TENNESSEE

(Ratios)
(As of June 2005)



■ TENNESSEE STATE-CHARTERED BANKS

■ ALL FDIC INSURED BANKS

HEADQUARTERS PERSONNEL – NASHVILLE (As of 12/31/05)

Mike Igney, Assistant Commissioner
Christina Coleman, Program Administrator
Melody Johnson, Financial Analyst
David Gaines, Financial Analyst
Christy Beadle, Financial Analyst
Jenohn Moore, Financial Analyst
Sandra Daum, Executive Secretary

APPLICATIONS

Carl Scott, CFSA, Director
Paula Miller, Administrative Services Assistant

CHECK CASHING/DEFERRED PRESENTMENT/MONEY TRANSMITTER

Bart Daughdrill, Director

EXAMINATION PERSONNEL

WEST TENNESSEE DISTRICT

Georgia Cannon, Regional Manager
Patrick Somers, Supervisor
Kamela Settles
Alisa Logan
Robert Hornbreak
Kevin Hicks
Marilyn Schroepfel, CFSA
Kerry Rial
Patrick Ryan, CFSA
Rich Regan
Calvin Stout
Joshua Evans

MIDDLE TENNESSEE DISTRICT

Chris Adams, CFSA, CFE, Regional Manager
Cathy Wilkerson, Supervisor
Gene Smith, CFSA
Robert Campbell
Michael Cranor
Robert Doyle

Michael Wiggins
Marcia Jacks
Steve West
Chad Haney

EAST TENNESSEE DISTRICT

Brian Williams, Regional Manager
Frank Barnes, CFSA, Supervisor
James Waterman
Will Justice
Keith Sharp
James Worley
Jack Lay
Elizabeth Harrell

James Simmons
John Stewart
Nicole Chamblee
David Kelly
Dennis Woodmore, CFSA

[COMPLIANCE DIVISION NARRATIVE]

The Compliance Division is responsible for the licensing and regulatory supervision of the following types of financial institutions operating in Tennessee:

- Industrial Loan & Thrift Companies
- Insurance Premium Finance Companies
- Residential Mortgage Lenders, Brokers and Servicers
- Check Cashing
- Deferred Presentment Service Companies
- Money Transmitters
- Title Pledge Lenders *

With the development of a comprehensive examination program, all of the above industries are subject to periodic examinations by the Division's field examiners. The Compliance Division's examinations are designed to test and enforce compliance with Tennessee laws, as well as Federal regulations. These laws were written in order to protect the consumer by limiting the amount of interest, loan charges and insurance charges that can be assessed to them. The field examiners also investigate consumer complaints and allegations of consumer fraud and usury.

* The Tennessee Department of Financial Institutions began regulating title pledge lenders on November 1, 2005.

MILESTONES AND ACCOMPLISHMENTS:

- In 2005, the Division more than doubled (and trained) their exam staff from 14 to 35 examiner positions decentralizing the exam function from the Nashville, Tennessee office to regional management in three grand regions (East, Middle and West). Establishing along with that, a Regional Manager and Regional Supervisor for each region. The Compliance Division is responsible for the licensing and regulatory supervision of the following types of financial institutions operating in Tennessee.
- The Mortgage Act Amendment was successfully implemented which included the registration of mortgage loan originators. This amendment gives the Department the authority to enforce responsible standards for loan originators, thereby helping to curb predatory lending concerns.

INDUSTRIAL LOAN AND THRIFT COMPANIES

Consumer loan companies operate under the Industrial Loan and Thrift Companies Act, codified as T.C.A. Title 45, Chapter 5. The stated purpose of the Act is to allow citizens to have the services of regulated lending institutions at rates and charges reasonably commensurate with economic realities. This Act authorizes those companies that obtain a certificate of registration to charge rates and fees somewhat higher than what may be charged under the State's General Usury statutes. While the Act allows higher interest rates, it also contains many consumer protection provisions particularly with respect to loan charges. Since 2001, legislation was enacted that requires companies licensed under this Act to secure bonding. The bonding requirements are as follows: If the applicant proposes to make loans secured by a mortgage, the surety bond or letter of credit shall be in the amount of \$200,000. For all other applicants, the bond or letter of credit shall be in the amount of \$50,000. Only one bond or letter of credit is required for any registrant, irrespective of the number of employees or offices of such registrant.

Registration

To obtain a certificate of registration, an applicant must maintain a net worth of at least \$25,000 for each location to be registered and demonstrate sufficient character to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2005, there were 713 locations licensed under the Act.

Examinations

For fiscal year ending June 30, 2005, the Department conducted 627 examinations that resulted in refunds of \$432,871.91 to 10,612 consumers of the state. Special examinations are conducted as needed as a result of complaints filed with the Department's Consumer Resources Division.

INSURANCE PREMIUM FINANCE COMPANIES

The activities of Premium Finance Companies are governed by the "Premium Finance Company Act of 1980", codified as T.C.A. Title 56, Chapter 37. "Premium Finance Company" means a person engaged in the business of entering into premium finance agreements or acquiring premium finance agreements from other premium finance companies. "Premium finance agreement" means an agreement by which an insured, or prospective insured, promises to pay to a premium finance company the amount advanced, or to be advanced under the agreement to an insurer or to an insurance agent or producing agent in payment of premiums of an insurance contract, together with interest and a service charge as authorized and limited by this Chapter.

Registration

To obtain a license, an applicant must, pursuant to T.C.A. § 56-37-104(b), be competent and trustworthy, act in good faith, have a good business reputation, experience, training or education in this business. Furthermore, if the applicant is a foreign or domestic corporation, LLC, or limited partnership, it must be authorized to conduct business in this state. As of June 30, 2005, there were 65 companies licensed under the Act.

Examinations

The Department conducted 9 examinations during July, 2004 – June, 2005, representing 14 percent of the licensed offices located in Tennessee.

RESIDENTIAL MORTGAGE LENDERS, BROKERS AND SERVICERS

The activities of Residential Mortgage Lending, Brokering, and Servicing companies are governed by the "Tennessee Residential Lending, Brokerage and Servicing Act of 1988", codified as T.C.A. Title 45, Chapter 13. T.C.A. § 45-13-103(a) expands this further by stating "no person shall act as a mortgage lender, mortgage loan broker, mortgage loan servicer, or mortgage loan originator in this state without first complying with the applicable licensing or registration requirements under this chapter." Certain companies may be exempt under criteria explained in T.C.A. § 45-13-103. If the applicant proposes to make or service mortgage loans, the surety bond or irrevocable letter of credit shall be in the amount of \$200,000. For all applicants whose activities are limited to the brokering of mortgage loans, the surety bond or irrevocable letter of credit shall be in the amount of \$90,000. Only one bond or letter of credit is required for any licensee, irrespective of the number of employees or offices of such licensee.

Compliance Division

Registration

To obtain a certificate of registration, an applicant must maintain a net worth of at least \$25,000 and demonstrate sufficient character to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2005, there were 1,349 companies licensed under the Act. Additionally, with passage of amendments to the Residential Mortgage Lending, Brokerage and Servicing Act during the 2004 session of the General Assembly, the Department began registering individual mortgage loan originators effective January 1, 2005. As of June 30, 2005, there were 11,603 mortgage loan originators actively registered.

Examinations

For fiscal year ending June 30, 2005, the **Compliance Division** conducted 238 examinations of the mortgage licensees that resulted in refunds of \$80,606.75 to 317 consumers. Special examinations are also conducted as a result of consumer complaints forwarded from the Department's Consumer Resources Division.

CHECK CASHING COMPANIES

The activities of Check Cashing Companies are governed by "The Check Cashing Act of 1997" codified as Tennessee Code Annotated (T.C.A.) Title 45, Chapter 18. Retailers who cash checks incidental to their retail operations are exempt from the Act if their compensation for cashing checks does not exceed five percent of their gross receipts. See T.C.A. § 45-18-103(5).

Licensing

To obtain a check cashing license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate sufficient character and experience to command confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2005, there were 404 licensed check casher locations in Tennessee.

Examinations

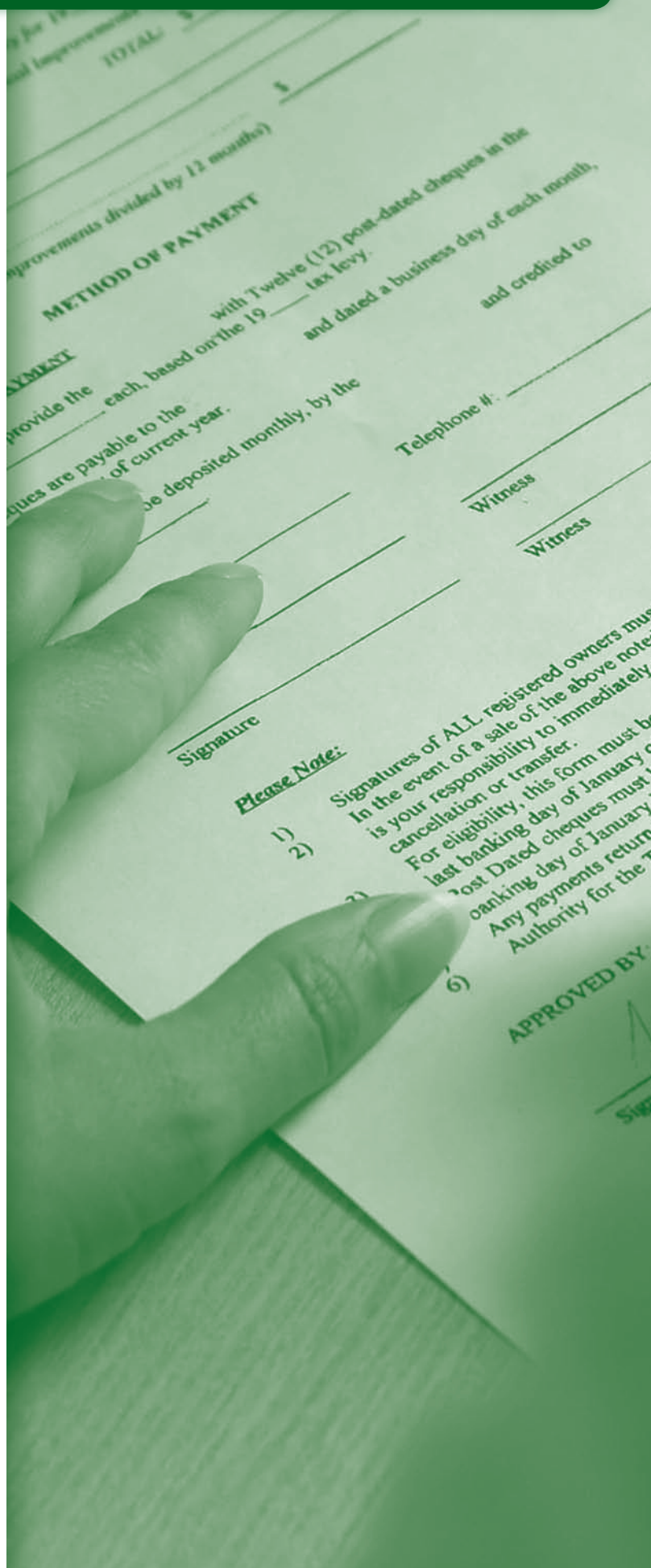
Examinations of licensed check cashers are conducted pursuant to T.C.A. § 45-18-113. For the fiscal year ending June 30, 2005, the Compliance Division of the Department performed 365 check cashing examinations resulting in refunds of \$633.29 to 42 customers.

DEFERRED PRESENTMENT SERVICE COMPANIES

The activities of the Deferred Presentment Services Companies are governed by "The Deferred Presentment Services Act" codified as Tennessee Code Annotated (T.C.A.) Title 45, Chapter 17.

Licensing

To obtain a deferred presentment services license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate



sufficient character and experience to command confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. Last year the Department approved 167 deferred presentment services license applications, and because companies must obtain a license for each location from which such business is conducted, there were 1,219 licenses as of June 30, 2005.

Examinations

For fiscal year ending June 30, 2005, the Department's Compliance Division conducted 1,310 examinations of deferred presentment offices. Typically, the Department's compliance examiners review a random sample of the licensee's transactions by looking at the fees charged and the disclosures given to the customers. As a result, licensees made total refunds of \$41,025.41 to 539 customers for charging excessive or unauthorized fees pursuant to T.C.A. § 45-17-115.

Annual Report Information

By September 1st of each year, licensees are required by T.C.A. § 45-17-119 to file with the Commissioner of Financial Institutions an Annual Report covering the licensee's business activities as of the close of business on June 30. These reports include a balance sheet, statement of income and expense, as well as other statistical data consistent with generally accepted accounting principles. Below is a recapitulation of the 2005 annual reports for the purpose of reflecting the general results of the operations for the year ending June 30, 2005.

Annual Report Information for Fiscal Year Ending June 30, 2005

The following tabulation represents aggregate information from reports filed by 459 licensed companies. The Department did not require an annual report from companies that opened after June, 2005.

Total Assets	\$454,830,205
Total Liabilities	\$143,332,367
Net Worth	\$311,497,838

Total assets of the average sized company operating in Tennessee for 2005 was \$990,915. Sixty-eight companies reported assets greater than \$500,000; 186 companies had assets of between \$100,000 and \$500,000; and the remaining 205 showed total assets of less than \$100,000. As with many of the small companies, funding for the business is supplied principally by the owners with total assets being comprised of 32 percent liabilities and 68 percent owner equity.

Compliance Division

Statement of Income and Expenses

The following information was compiled from the statements of income and expenses for the period of July 1, 2004 to June 30, 2005.

Total Operating Income	\$159,811,292
Salary Expense	\$41,681,963
Bad Debt Expense	\$15,541,791
Net Income (After Tax)	\$17,271,738

Of the 459 reporting companies, 105 reported operating losses and 45 reported net income of over \$100,000 for the period ending June 30, 2005. The average company made a profit of \$26,053.

Salaries are a major company expense, amounting to about 26 percent of total operating income. The average salary expense for each company was \$90,810.

Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 9.7 percent of total operating income.

Effective June 7, 2005, T.C.A. § 45-17-112(i) of the Deferred Presentment Services Act allows licensees to assess a handling charge not to exceed \$30 if a check is returned from a payer financial institution due to insufficient funds, stop payment order or closed account. From the 2005 annual reports, 58 percent or 267 companies collected total handling charges of \$616,950 for fiscal year ending June 30, 2005.

As of June 30, 2005, the industry made a return on assets of 3.8 percent based on total assets and a return on equity of 15.1 percent.

Transactional Data

The following transactional data was reported for the reporting period ending June 30, 2005:

Number of receivable transactions	4,634,419
Dollar amount of transactions during the year	\$ 990,947,588
Average size of receivable transactions	214

Number of transactions by size of check:

\$1 - \$150:	620,152
\$151 - \$250:	3,398,205
\$251 - \$500:	616,062

MONEY TRANSMITTERS

The activities of Money Transmitter companies are governed by "The Tennessee Money Transmitter Act of 1994", codified as T.C.A. Title 45, Chapter 7. There are exemptions that apply to certain government agencies, as well as business organizations. See T.C.A. § 45-7-204.

Licensing

Each applicant for a license must demonstrate, and each licensee must maintain, a net worth of not less than \$100,000 computed according to generally accepted accounting principles. Persons transmitting, or proposing to transmit, money shall have an additional net worth of \$25,000 per additional location or agent located in Tennessee, as applicable, to a maximum of \$500,000. The applicant must demonstrate such experience, character, and general fitness as to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. As of June 30, 2005, there were 48 licensed money transmitters.

Examinations

Examinations of money transmitters are conducted pursuant to T.C.A. § 45-7-214. The Commissioner may accept, in lieu of an on-site examination, the examination report of an agency of another state, or a report prepared by an independent accounting firm, and reports so accepted are considered, for all purposes, as an official report of the Commissioner.

INDUSTRIAL LOAN AND THRIFT COMPANIES

Loans More Than \$300

(Year Ending December 31, 2004)

Number of Offices Included in this Report	116
Number of Employees in State at Year-End	1,084

REGULATED ENTITIES PROFIT PERCENTAGE

RATE OF RETURN

Average Net Receivable	\$426,940,447
Net Income	\$4,725,966
Rate of Return	1.11%

ANALYSIS OF CHARGES ON LOANS

Charges Collected and/or Earned	\$65,016,077
Average Monthly Rate Collected	1.27%

ANALYSIS OF EXPENSE PER ACCOUNT

Average Number of Accounts Outstanding	57,293
Total Expenses	\$55,669,532
Average Monthly Expense per Account	\$80.97

STATEMENT OF INCOME AND EXPENSES

Total Operating Income	\$71,185,680
Total Expenses before Income Taxes	\$55,669,532
Income before Taxes	\$15,516,148

OTHER INFORMATION

Number of Loans Made During the Year	704,095
Dollar Volume of Loans Made During the Year	2,073,619,846
Bad Debts- Dollar Amount	19,529,924
Bad Debts- Number of Accounts	5,405

INDUSTRIAL LOAN AND THRIFT COMPANIES

Loans Less Than \$300

(Year Ending December 31, 2004)

Number of Offices Included in this Report	553
Number of Employees in State at Year-End	2,128

REGULATED ENTITIES PROFIT PERCENTAGE

RATE OF RETURN

Average Net Receivable	\$2,966,582,170
Net Income	\$29,406,403
Rate of Return	0.99%

ANALYSIS OF CHARGES ON LOANS

Charges Collected and/or Earned	\$484,913,397
Average Monthly Rate Collected	1.36%

ANALYSIS OF EXPENSE PER ACCOUNT

Average Number of Accounts Outstanding	450,641
Total Expenses	\$466,955,566
Average Monthly Expense Per Account	\$86.35

STATEMENT OF INCOME AND EXPENSES

Total Operating Income	\$505,650,824
Total Expenses Before Income Taxes	\$466,955,566
Income Before Taxes	\$38,894,677

OTHER INFORMATION

Number of Loans Made During the Year	179,657
Dollar Volume of Loans Made During the Year	\$45,705,265
Bad Debts- Dollar Amount	\$144,576,499
Bad Debts- Number of Accounts	\$65,204

INDUSTRIAL LOAN AND THRIFT COMPANIES Composite Annual Report (Year Ending December 31, 2004)

Number of Offices Included in this Report	669
Number of Employees in State at Year-End	3,212

REGULATED ENTITIES PROFIT PERCENTAGE

RATE OF RETURN

Average Net Receivable	\$3,393,522,617.85
Net Income	\$34,132,369.74
Rate of Return	1.01%

ANALYSIS OF CHARGES ON LOANS

Charges Collected and/or Earned	\$549,929,474.07
Average Monthly Rate Collected	1.35%

ANALYSIS OF EXPENSE PER ACCOUNT

Average Number of Accounts Outstanding	507,934
Total Expenses	\$522,625,097
Average Monthly Expense Per Account	\$85.74

STATEMENT OF INCOME AND EXPENSES

Total Operating Income	\$576,836,504
Total Expenses Before Income Taxes	\$522,625,097
Income Before Taxes	\$54,410,825

OTHER INFORMATION

Number of Loans Made During the Year	883,752
Dollar Volume of Loans Made During the Year	\$2,119,325,111
Bad Debts- Dollar Amount	\$162,971,877
Bad Debts- Number of Accounts	69,972

HEADQUARTERS PERSONNEL - NASHVILLE (As of 12/31/05)

Nicole Lacey, Assistant Commissioner
Alan Smith, Financial Analyst
Kayce Cawthon Stoker, Consumer Resources Specialist
Esther Eddy, Consumer Resources Specialist
Alicia Gay, Consumer Resources Specialist
Crystal Oldham, Consumer Education Coordinator
Tiara Smith, Administrative Services Assistant



[CONSUMER RESOURCES DIVISION NARRATIVE]

The **Consumer Resources Division** coordinates the handling of consumer complaints, fosters community outreach and encourages financial literacy in Tennessee. Since Governor Phil Bredesen formally approved the Division in March 2004, the Division has embraced its charge to provide meaningful consumer protection and consumer education services statewide.



CONSUMER PROTECTION

A key responsibility of the Division is the handling and tracking of consumer complaints. The Department of Financial Institutions is the only state agency that has the statutory jurisdiction to handle consumer concerns and complaints involving financial institutions operating under the various laws the Department administers in the State of Tennessee. The Division processes all complaints related to financial institutions chartered and licensed by the Department. If the Department receives information that do not fall within the Department's jurisdiction, those inquiries or complaints are forwarded to the appropriate agency or entity and the consumer is accordingly advised. In all cases, the Division follows its routine practice of submitting the consumer's written complaint to the financial institution for response and communicates this in writing to the complainant or forwards the complaint to the appropriate entity if the Department does not have jurisdiction. If a complaint indicates that further review is necessary, the complaint is referred to the appropriate regulatory Division in the Department for investigation as warranted.

In addition, the information generated from consumer complaints will be used for specific consumer outreach initiatives as well as assisting the Governor and the General Assembly with developing legislative initiatives to ensure Tennesseans have access to sound, non-predatory financial institutions.

In 2005, the following are the top 10 consumer complaints by industry:

INDUSTRY	TOTAL	% OF TOTAL COMPLAINTS
Default *	266	45%
Banks	154	25%
Mortgage Companies	142	23%
Credit Unions	19	3%
TILT**	14	2%
Title Pledge	10	>2%
Check Cashers	1	>1%
Deferred Presentment	0	0%
Premium Finance	0	0%
Money Transmitters	0	0%
TOTAL:	606	100%

* Default category contains phone calls, e-mails, correspondence received, complaint form mailed but completed form not returned; complainant or financial institution was not under the Department's jurisdiction and the complaint was referred to the correct regulatory authority.

** Tennessee Industrial Loan and Thrift

2005 TOP TEN CONSUMER COMPLAINTS BY ALLEGATION

Customer Service Issues ¹ :	131
Misrepresentation ² :	63
Fraud ³ :	44
Payment Processing; Payment History Dispute ⁴ :	39
Unapproved Account Withdrawal ⁵ :	25
Account Fee Issues ⁶ :	23
Excessive Fees ⁷ :	23
RESPA Good Faith Estimate Violations ⁸ :	16
Privacy Issues ⁹ :	16
Failure to Release Deed or Lien ¹⁰ :	15

¹ Issues included phone calls not returned by staff at financial institutions, incorrect information given, a requested transaction or service was not performed or did not occur in a timely

² Interest rate quotes (loan rate higher than original quote, closing date set and changed or missed, fixed rate ends up as adjustable rate, etc.)

³ Covers fraudulent activities not under scams, forgeries, insider information, identity theft, etc.

⁴ Payments not made or processed in a timely manner

⁵ Includes debiting accounts for fees, service charges, processing, errors, etc.

⁶ Covers fees for insufficient funds (NSF), returned checks, service charges, etc.

⁷ Covers closing fees, loan processing fees, loan administration costs, late charges, etc.

⁸ Real Estate Settlement Procedure Act due to either not receiving the document or it is incorrect

⁹ Issues include possible improper disposition of records, sharing of information, etc.

¹⁰ Entity does not release the deed of trust within statutory time limit, does not release car title when paid in full, etc.

CONSUMER EDUCATION

A key strategy in helping protect consumers is to develop and coordinate educational resources that can assist consumers in making informed financial decisions. Education is a powerful tool in financial literacy. Consumers who understand their rights and responsibilities are less likely to become involved in situations that are not in their best interests.

Serving as a conduit, the goal of the Division is to ensure that all Tennesseans have access to financial literacy programs that will help them make sound money management decisions. In 2005, the Division stepped up its efforts

and took a more proactive approach by becoming involved in a number of consumer events aimed at educating Tennesseans about basic savings, credit management and home ownership. Specifically, the Division worked with other state and federal agencies, and non-profit organizations to focus on educating the K-12 student population, college students, minorities and women.

CONSUMER RESOURCES DIVISION ACCOMPLISHMENTS:

- The Tennessee Department of Financial Institutions and Middle Tennessee State University have partnered to incorporate financial literacy lessons into MTSU's University 1010, a course designed to familiarize freshmen with the college transition.
- The Department launched a speakers bureau, TDFI Speaks, to help increase the financial literacy of adults and youth statewide. Speakers are knowledgeable in the areas of mortgage lending, banking and savings. The bureau consists of senior management, examiners and other staff chosen for their knowledge of the topic. Organizations across the state can request a speaker for their events free of charge.
- In an effort to increase homeownership opportunities for the Hispanic community throughout Middle Tennessee, the Department joined various other organizations and created the Middle Tennessee Hispanic Partnership (MTHP). Other partners include the Human Rights Commission, the U.S. Department of Housing and Urban Development, the Tennessee Housing Development Agency, the National Association of Hispanic Real Estate Professionals and the Nashville Metropolitan Development and Housing Agency, in an effort to educate and provide services for this emerging market.



INDUSTRY COMPLAINTS BY COUNTY (ALPHABETICAL)

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
OUT OF STATE *	17						37	23	4	1		82	13.5%
ANDERSON	1						1	2				4	0.7%
BEDFORD							4					4	0.7%
BENTON							1					1	0.2%
BLEDSON							1					1	0.2%
BLOUNT	1						4	3				8	1.3%
BRADLEY	1						3					4	0.7%
CAMPBELL							1	1				2	0.3%
CANNON	1											1	0.2%
CARROLL	1								1			2	0.3%
CARTER							1	2				3	0.5%
CHEATHAM		1					4					5	0.8%
CHESTER								1				1	0.2%
CLAIBORNE	1						1					2	0.3%
CLAY												0	0.0%
COCKE												0	0.0%
COFFEE		1					1		1			3	0.5%
CROCKETT								1				1	0.2%
CUMBERLAND							2	1				3	0.5%
DAVIDSON	26	4					37	21	2			90	14.9%
DECATUR								1				1	0.2%
DEKALB							1					1	0.2%
DICKSON	3						5	1				9	1.5%
DYER												0	0.0%
FAYETTE								1				1	0.2%
FENTRESS							1					1	0.2%
FRANKLIN	1						2					3	0.5%
GIBSON	3						1	2				6	1.0%
GILES							1			1		2	0.3%
GRAINGER		1						2				3	0.5%
GREENE							1	2				3	0.5%
GRUNDY								1				1	0.2%
HAMBLETON							3	3				6	1.0%
HAMILTON	3	1					9	9	1	2		25	4.1%
HANCOCK								1				1	0.2%
HARDEMAN	1						1					2	0.3%
HARDIN												0	0.0%
HAWKINS	1											1	0.2%
HAYWOOD								1				1	0.2%

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
HENDERSON	1						1					2	0.3%
HENRY	2							2				4	0.7%
HICKMAN		1					2					3	0.5%
HOUSTON												0	0.0%
HUMPHREYS							1	1				2	0.3%
JACKSON												0	0.0%
JEFFERSON							2					2	0.3%
JOHNSON												0	0.0%
KNOX	5			1			11	7	1			25	4.1%
LAKE												0	0.0%
LAUDERDALE												0	0.0%
LAWRENCE												0	0.0%
LEWIS							1					1	0.2%
LINCOLN	1						1					2	0.3%
LOUDON	4							1				5	0.8%
MCMINN							4					4	0.7%
MCNAIRY							1	1				2	0.3%
MACON								1				1	0.2%
MADISON	1						1	3				5	0.8%
MARION							2	1				3	0.5%
MARSHALL							2	1				3	0.5%
MAURY	2						6	2				10	1.7%
MEIGS												0	0.0%
MONROE	1							2				3	0.5%
MONTGOMERY							6	2				8	1.3%
MOORE												0	0.0%
MORGAN												0	0.0%
OBION	1						3	2		1		7	1.2%
OVERTON												0	0.0%
PERRY							2					2	0.3%
PICKETT												0	0.0%
POLK							2					2	0.3%
PUTNAM	3						1	1				5	0.8%
RHEA	1							1				2	0.3%
ROANE	1							1				2	0.3%
ROBERTSON		1					1					2	0.3%
RUTHERFORD	9	3					10	7		2		31	5.1%
SCOTT												0	0.0%
SEQUATCHIE								1				1	0.2%
SEVIER	3	1					3	4				11	1.8%
SHELBY	28						43	14	8			93	15.3%

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
SMITH	1											1	0.2%
STEWART												0	0.0%
SULLIVAN							5	2		1		8	1.3%
SUMNER	5						4	2	1			12	2.0%
TIPTON							1					1	0.2%
TROUSDALE												0	0.0%
UNICOI												0	0.0%
UNION												0	0.0%
VAN BUREN												0	0.0%
WARREN							1					1	0.2%
WASHINGTON	1						6	2		2		11	1.8%
WAYNE												0	0.0%
WEAKLEY							1					1	0.2%
WHITE												0	0.0%
WILLIAMSON	8						8	9				25	4.1%
WILSON	2						1	5				8	1.3%
UNKNOWN	1						10					11	1.8%
TOTALS	142	14	0	1	0	0	266	154	19	10	0	606	100.0%

* Out of state: Complaints received from consumers living out of state who are either former residents of Tennessee or have an affiliation with an entity licensed or located in the state of Tennessee.

1 - Default/Unknown category contains: phone calls, e-mails, correspondence received, complaint form mailed but completed form not returned; complainant or financial institution was not under the Department's jurisdiction and the complaint was referred to the correct regulatory authority.

KEY TO ABBREVIATIONS:

TILT - Tennessee Industrial Loan and Thrift

DP - Deferred Presentment

CC - Check Cashier

PF - Premium Finance

MT - Money Transmitter

DEF - Default

BK - Bank

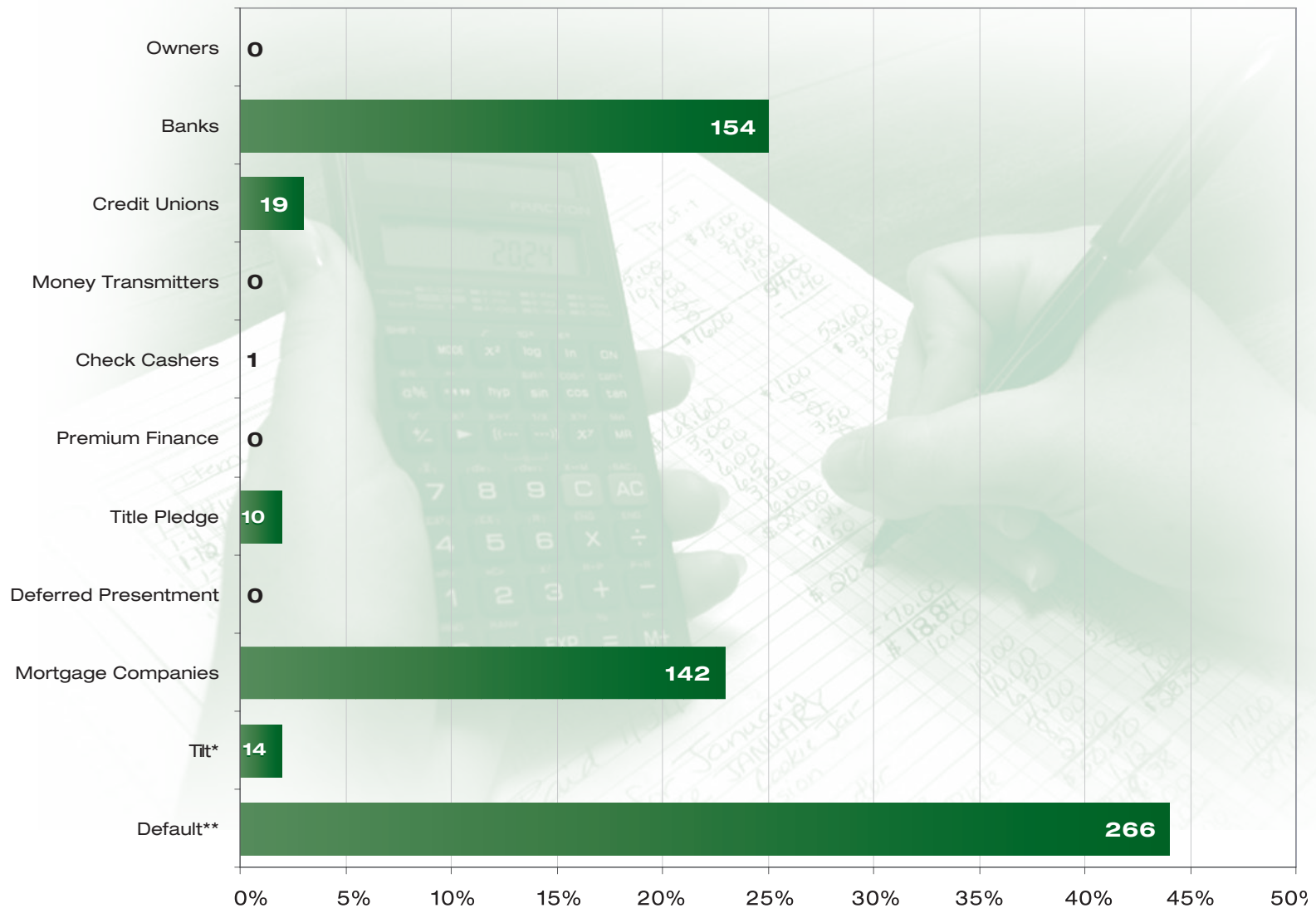
CU - Credit Union

TP - Title Pledge

OWN - Owners

Consumer Resources Division

2005 COMPLAINTS BY INDUSTRY

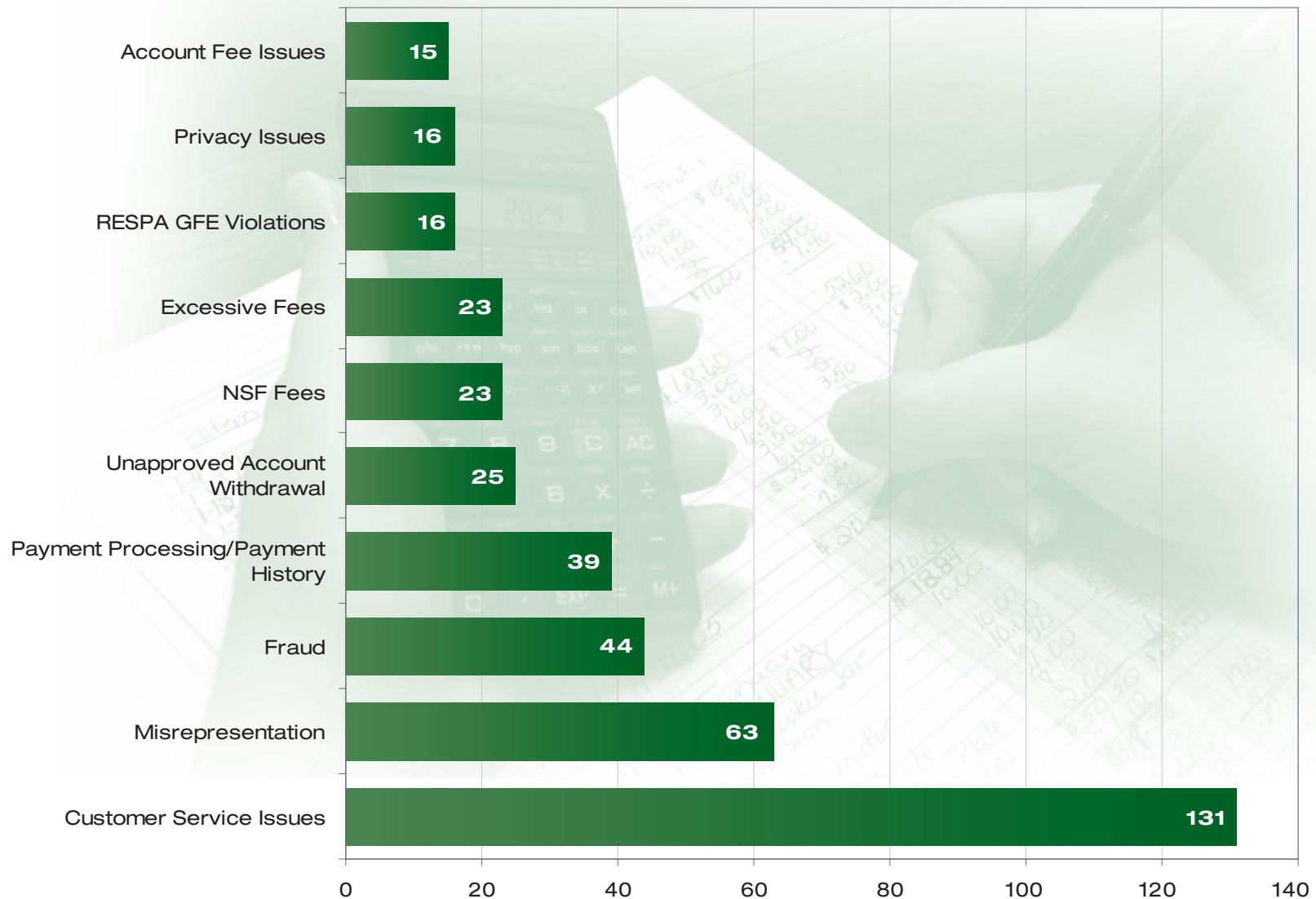


*TILT - Tennessee Industrial Loan and Thrift

**Default category contains phone calls, e-mails, correspondence received, complaint form mailed but completed form not returned; complainant or financial institution was not under the Department's jurisdiction and the complaint was referred to the correct regulatory authority.

Consumer Resources Division

2005 TOP TEN ALLEGATIONS



HEADQUARTERS PERSONNEL – NASHVILLE

Doreen Abbott, Assistant Commissioner
Trevor Williams, Safety and Soundness Manager
Alica Owen, Financial Analyst

EXAMINATION PERSONNEL

WEST/MIDDLE TENNESSEE DISTRICT

Randall Means, CSCUES, V, Supervisor
Tom Harper, CSCUE, IV
Robert Heisse, I
Rosalyn Miller, II
Dana Owen, CFE, CEIC, ACISE, IV

EAST TENNESSEE DISTRICT

John Shires, CSCUES, IV, Supervisor
Bill Cave, CFE, CEIC, CSCUE, IV
Shane Hardin, CFE, CSCUE, IV
Dwight Ward, III

[CREDIT UNION DIVISION NARRATIVE]

The **Credit Union Division** is responsible for the supervision and examination of each state-chartered credit union and one corporate credit union. Examiners perform safety and soundness examinations of each state-chartered credit union and Volunteer Corporate Credit Union to determine compliance with governing laws and regulations. In addition, they perform evaluations of each credit union's assets, liabilities, income and expenses in order to assess the solvency of the credit union. Examiners also perform investigations as a result of complaints filed with the Department's Consumer Resources Division. During 2005, the Credit Union Division was recertified for another five-year period and remains accredited by the National Association of the State Credit Union Supervisors (NASCUS). This Certification Program provides recognition to exemplary state credit union examiners and encourages continued professional development through the certification's required continuing education hours.

The Credit Union Division conducts a voluntary survey at the conclusion of each examination to measure the overall efficiency and effectiveness of the examination and to determine the adequacy of communication skills. In order to ensure the confidentiality and the integrity of this process, data accumulation and summary reports are prepared by an independent third party. The results of the survey reveal that credit unions agree that the examination process continues to meet its needs.

Overall, state-chartered credit unions remain well operated financial institutions that are insured by the National Credit Union Share Insurance Fund (NCUSIF) and performance for the coming year is expected to remain satisfactory.

CREDIT UNIONS INFORMATION AT A GLANCE:

- 121 Credit Unions regulated compared to 126 reported for 2004, with \$5.6 billion in assets generating a 1.0 percent growth increase during the past 12 months.
- Capitalizations: Net worth totaled 13.7 percent of assets compared to 13.04 percent in 2004.
- Delinquency and Charge Off Return Assets totaled 1.07 percent.

INDIVIDUAL MEMBERSHIP AND SERVICES:

- Eastman Credit Union (Kingsport) had \$1.5 billion in total assets.
- Langston Bag Company Employee Savings Association (Memphis): \$48,000 in total assets.

CORPORATE CREDIT UNION (Both State and Federal):

- Volunteer Corporate Credit Union had \$884 million in assets servicing more than 200 member credit unions in Tennessee while continually meeting the state's financial needs.

CREDIT UNION DIVISION CORPORATE REORGANIZATIONS

MERGERS

- Yat Employees Credit Union in Lenoir City, TN merged into Foothills Federal Credit Union in Loudon, TN (September 2004)
- CARTA Employees Credit Union in Chattanooga, TN merged into Southern Credit Union in Chattanooga, TN (October 2004)
- Maury Progressive Credit Union in Columbia, TN merged into AEDC Federal Credit Union in Tullahoma, TN (January 2005)
- Golden Circle Credit Union in Jackson, TN merged into Southeast Financial Federal Credit Union in Nashville, TN (January 2005)

NAME CHANGES

- U.S. Courthouse Credit Union in Nashville, TN, changed to U.S. Community Credit Union (January 2005)
- Maury Educators' Community Credit Union in Columbia, TN changed to First Community Credit Union (April 2005)
- M.P.D. Employees Credit Union of Nashville, TN changed to M.P.D. Community Credit Union (May 2005)

CHARTER CONVERSIONS

- New South Credit Union in Knoxville, TN field of membership converted from multi-occupational/associational to community-based (August 2004)

- U.S. Courthouse Credit Union in Nashville, TN field of membership converted from multi-occupational/associational to community-based (November 2004)
- Lakeside Employees Credit Union in New Johnsonville, TN field of membership converted from multi-occupational/associational to community-based (February 2005)
- M.P.D. Employees Credit Union in Nashville, TN field of membership converted from multi-occupational/associational to community-based (April 2005)

FIELD OF MEMBERSHIP EXPANSIONS

- First South Credit Union in Bartlett, TN expanded its field of membership to include DeSoto, Marshall, Tate and Tunica counties in Mississippi which represents the portion of the Memphis Metropolitan Statistical Area located in Mississippi (October 2004)
- Eastman Credit Union in Kingsport, TN expanded its field of membership to include an investment area which consists of Gregg and Harrison counties in Texas (November 2004)
- Leaders Credit Union in Jackson, TN expanded its field of membership to include an underserved area consisting of 12 contiguous census tracts in Madison County, TN (December 2004)
- Employees Resources Credit Union in Lawrenceburg, TN expanded its field of membership to include Giles and Wayne counties in Tennessee (May 2005)

Tennessee State-Chartered Credit Unions

KEY RATIOS

Ratio Description	June 2004	June 2005
CAPITAL ADEQUACY:		
Net Worth/Total Assets	12.91	13.17
Total Delinquent Loans/Net Worth	2.85	2.69
Solvency Evaluation (Estimated)	115.29	115.75
Classified Assets (Estimated)/Net Worth	3.50	3.46
ASSET QUALITY:		
Delinquent Loans/Total Loans	0.62	0.58
Net Charge-Offs/Average Loans	0.42	0.41
Fair (Market) Value/Book Value(HTM invests)	98.73	99.02
Accumulated Unreal G-L On AFS/CST of Invest AFS	-1.75	-1.29
Delinquent Loans/ Assets	0.37	0.35
EARNINGS:		
Return on Average Assets	0.86	1.07
Gross Income/Average Assests	5.93	6.08
Yield on Average Loans	6.65	6.30
Yield on Average Investments	2.51	2.94
Cost of Funds/ Average Assets	1.40	1.49
Net Margin/ Average Assets	4.52	4.58
Operating Expense/ Average Assets	3.52	3.26
Provision for Loan and Lease Losses/ Average Assets	0.24	0.26
Net Interest Margin/Average Assets	3.44	3.36
Operating Expenses/ Gross Income	59.42	53.63
Fixed Assets Including FRAs/Total Assets	2.08	2.37
Net Operation Expenses/ Average Assets	2.71	2.32
ASSET/LIABILITY MANAGEMENT:		
Net Long-Term Assets/Total Assets	27.40	25.65
Regular Shares/Total Shares & Borrowings	32.27	31.13
Total Loans/Total Shares	71.11	74.17
Total Loans/Total Assets	59.02	61.39
Cash and Short-Term Investments/ Assets	17.68	17.52
Total Share Deposits and Borrowings/ Earning Assets	90.54	90.78
Regular Shares and Share Drafts/Total Shares and Borrowings	42.12	42.01
Borrowings/Total Shares and Net Worth	3.66	3.53

Tennessee State-Chartered Credit Unions

KEY RATIOS

Ratio Description	June 2004	June 2005
PRODUCTIVITY:		
Members/Potential Members	13.55	10.80
Borrowers/Members	47.35	47.46
Members/Full Time Employees	361.82	359.33
Average Shares Per Members	\$5,894	\$6,133
Average Loan Balance	\$8,850	\$9,583
Salary and Benefits/Full Time Employee	\$46,820	\$45,020
OTHER RATIOS:		
Net Worth Growth	6.82	-0.75
Market (Share) Growth	5.49	-0.82
Loan Growth	3.12	1.01
Asset Growth	4.87	-0.34
Investment Growth	10.18	-5.24

Tennessee State-Chartered Credit Unions

CONSOLIDATED BALANCE SHEET

	June 2004	June 2005	% Change
ASSETS			
CASH:			
Cash on Hand	69,609,995	68,028,296	-2.27%
Cash on Deposit	393,699,036	344,159,653	-12.58%
Cash Equivalents	68,426,765	70,834,689	3.52%
Total Cash	\$531,735,796	\$483,022,638	-9.16%
INVESTMENTS:			
Trading Securities	0	0	N/A
Available for Sale Securities	702,597,299	590,880,139	-15.90%
Held-to-Maturity Securities	317,613,353	342,210,448	7.74%
Deposits in Commercial Banks, S & Ls, Savings Banks	354,410,105	333,599,920	-5.87%
Total MCSD and PIC in Corporate	24,069,032	23,719,024	-1.45%
All Other Investments in Corporate Credit Unions	125,863,453	130,291,463	3.52%
All Other Investments	31,644,445	30,740,133	-2.86%
Total Investments	\$1,556,197,687	\$1,451,441,127	-6.73%
LOANS HELD FOR SALE	\$170,000	\$98,320	-42.16%
LOANS AND LEASES:			
Unsecured Credit Card Loans	115,661,968	117,874,810	1.91%
All Other Unsecured loans	241,088,306	233,501,170	-3.15%
New Auto Loans	496,925,705	551,404,191	10.96%
Used Auto Loans	799,019,337	816,945,789	2.24%
First Mortgage Real Estate Loans	1,168,730,803	1,220,561,659	4.43%
Other Real Estate Loans	292,647,272	315,968,273	7.97%
Leases Receivable	3,276,493	3,395,345	3.63%
Other Member Loans	143,491,842	158,791,620	10.66%
Total Loans	\$3,260,841,726	\$3,418,442,857	4.83%
ALLOWANCE FOR LOAN & LEASE LOSSES	(\$24,985,736)	(\$25,394,416)	1.64%
Foreclosed and Repossessed Assets	1,073,382	2,060,091	91.93%
Land and Building (Net of Depreciation)	90,102,635	104,490,105	15.97%
Other Fixed Assets	23,581,340	25,423,738	7.81%
Share Insurance Capitalization Deposit	40,390,898	39,987,160	-1.00%
Other Assets	46,140,267	68,989,740	49.52%
Total Assets	\$5,525,247,995	\$5,568,561,360	0.78%
TOTAL CREDIT UNIONS	126	121	-3.97%

Tennessee State-Chartered Credit Unions

CONSOLIDATED BALANCE SHEET

	June 2004	June 2005	% Change
LIABILITIES, SHARES AND EQUITY			
LIABILITIES:			
Promissory and Other Notes Payable	193,770,925	188,514,501	-2.71%
Uninsured Second Capital	100,000	95,683	-4.32%
Dividend and Interest Payable	2,962,764	3,411,727	15.15%
Accounts Payable and Liabilities	41,917,538	42,134,963	0.52%
Total Liabilities	\$238,751,227	\$234,156,874	-1.92%
SAVINGS/DEPOSITS:			
Share Drafts	470,756,634	521,520,485	10.78%
Regular Shares	1,542,280,587	1,493,644,390	-3.15%
All Other Shares and Deposits	2,572,617,585	2,593,599,383	0.82%
Total Savings/Deposits	\$4,585,654,806	\$4,608,764,258	0.50%
EQUITY:			
Undivided Earnings	479,489,139	495,046,529	3.24%
Regular Reserves	197,870,166	201,984,392	2.08%
Appropriations for Non-Conforming Investments	0	0	N/A
Other Reserves	30,302,102	25,738,624	-15.06%
Miscellaneous Equity	3,895	2,800	-28.11%
Unrealized Gains/Losses Average For Sale Securities	-12,482,036	-7,719,664	-38.15%
Other Comprehensive Income	0	65,074	100.00%
Net Income	5,658,696	10,522,473	85.95%
Equity Total	\$700,841,962	\$725,640,228	3.54%
TOTAL SAVINGS/EQUITY	\$5,286,496,768	\$5,334,404,486	0.91%
TOTAL LIABILITIES/SAVINGS/EQUITY	\$5,525,247,995	\$5,568,561,360	0.78%
NCUA INSURED SAVINGS:			
Uninsured Shares	441,743,548	489,333,112	10.77%
Uninsured Non-Member Deposits	535,988	465,926	-13.07%
Total Uninsured Shares and Deposits	442,279,536	489,799,038	10.74%
Insured Shares and Deposits	4,143,375,270	4,118,965,220	-0.59%

Tennessee State-Chartered Credit Unions

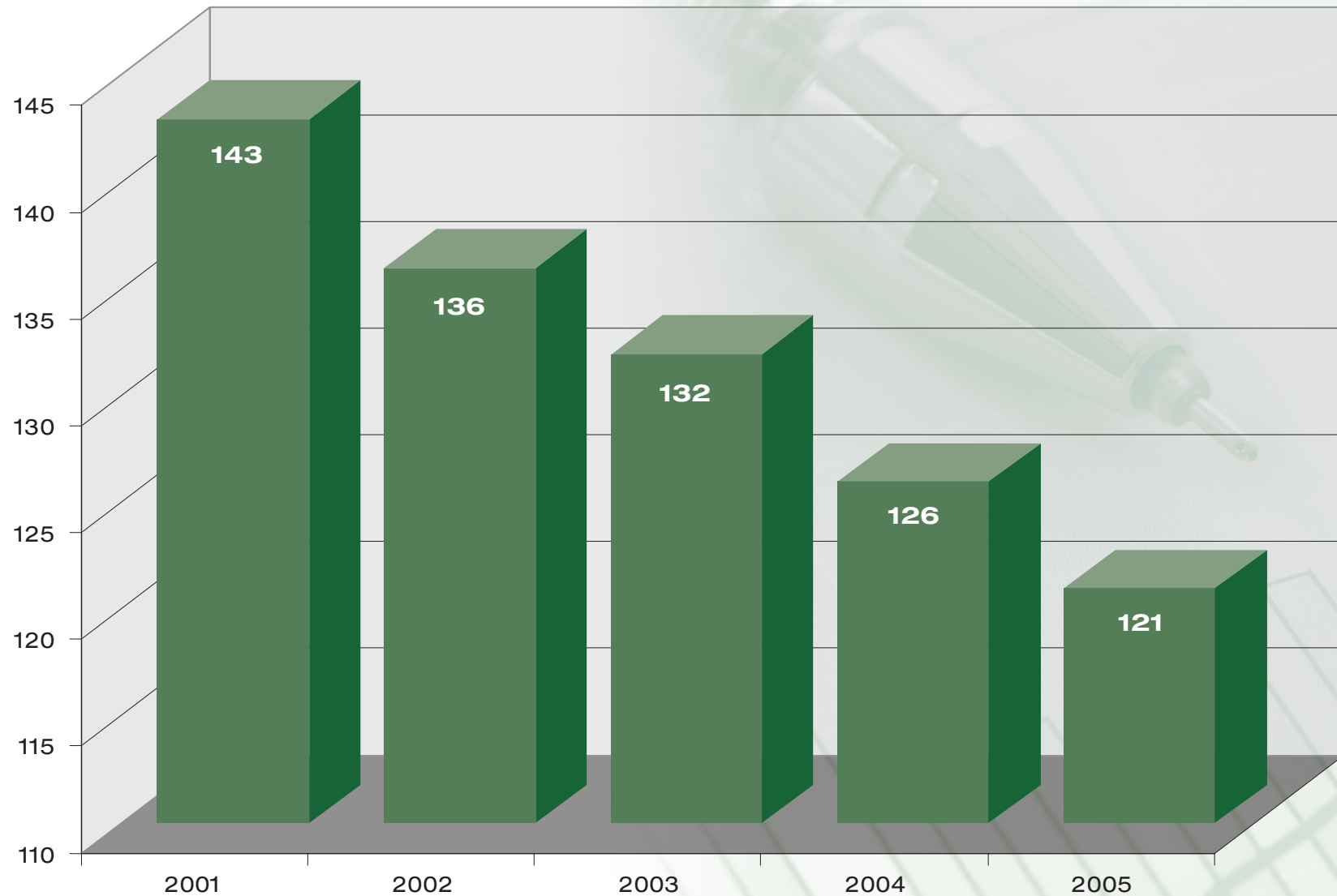
CONSOLIDATED INCOME SHEET

INCOME AND EXPENSE	June 2004	June 2005	% Change
Interest Income			
Interest on Loans	107,586,496	107,389,222	-0.18%
Less Interest Refund	(34,096.00)	(21,118.00)	-38.06%
Income from Investments	24,708,316	27,843,885	12.69%
Income from Trading	0	0	N/A
Total Interest Income	\$132,260,716	\$135,211,989	2.23%
Interest Expense			
Dividends	18,170,910	17,689,320	-2.65%
Interest on Deposits	15,517,161	19,835,360	27.83%
Interest on Borrowed Money	4,662,929	4,035,244	-13.46%
Total Interest Expense	\$38,351,000	\$41,559,924	8.37%
Provision for Loan and Lease Losses (PLLL)	\$6,625,485	\$7,375,436	11.32%
Net Interest Income after PLLL	\$87,284,231	\$86,276,629	-1.15%
Non-Interest Income			
Fee Income	22,261,386	26,085,493	17.18%
Other Operating Income	7,346,986	8,018,580	9.14%
Gain(Loss) on Investments	2,945,897	(1,245)	-100.04%
Gain(Loss) on Disposition of Assets	1,364	(9,230)	-776.69%
Other Non-Operating Income/Expense	(257,517)	240,604	-193.43%
Total Non-Interest Income	\$32,298,116	\$34,334,202	6.30%
Non-Interest Expense			
Employee Compensation and Benefits	50,343,641	47,079,363	-6.48%
Travel/Conference Expense	1,373,591	1,284,720	-6.47%
Office Occupancy	6,349,364	6,411,795	0.98%
Office Operation Expense	18,965,596	17,736,896	-6.48%
Education and Promotion	2,786,071	3,117,698	11.90%
Loan Servicing Expense	3,972,686	3,780,188	-4.85%
Professional/Outside Service	7,400,402	7,186,698	-2.89%
Member Insurance	910,660	938,220	3.03%
Operating Fees	889,236	802,457	-9.76%
Miscellaneous Operating Expense	3,191,507	2,470,321	-22.60%
Total Non-Interest Expense	\$96,182,754	\$90,808,356	-5.59%
Net Income	\$23,399,593	\$29,802,475	27.36%
Reserve Transfers			
Transfer to Regular Reserve	\$2,862,543	\$5,990,542	109.27%

Credit Union Division

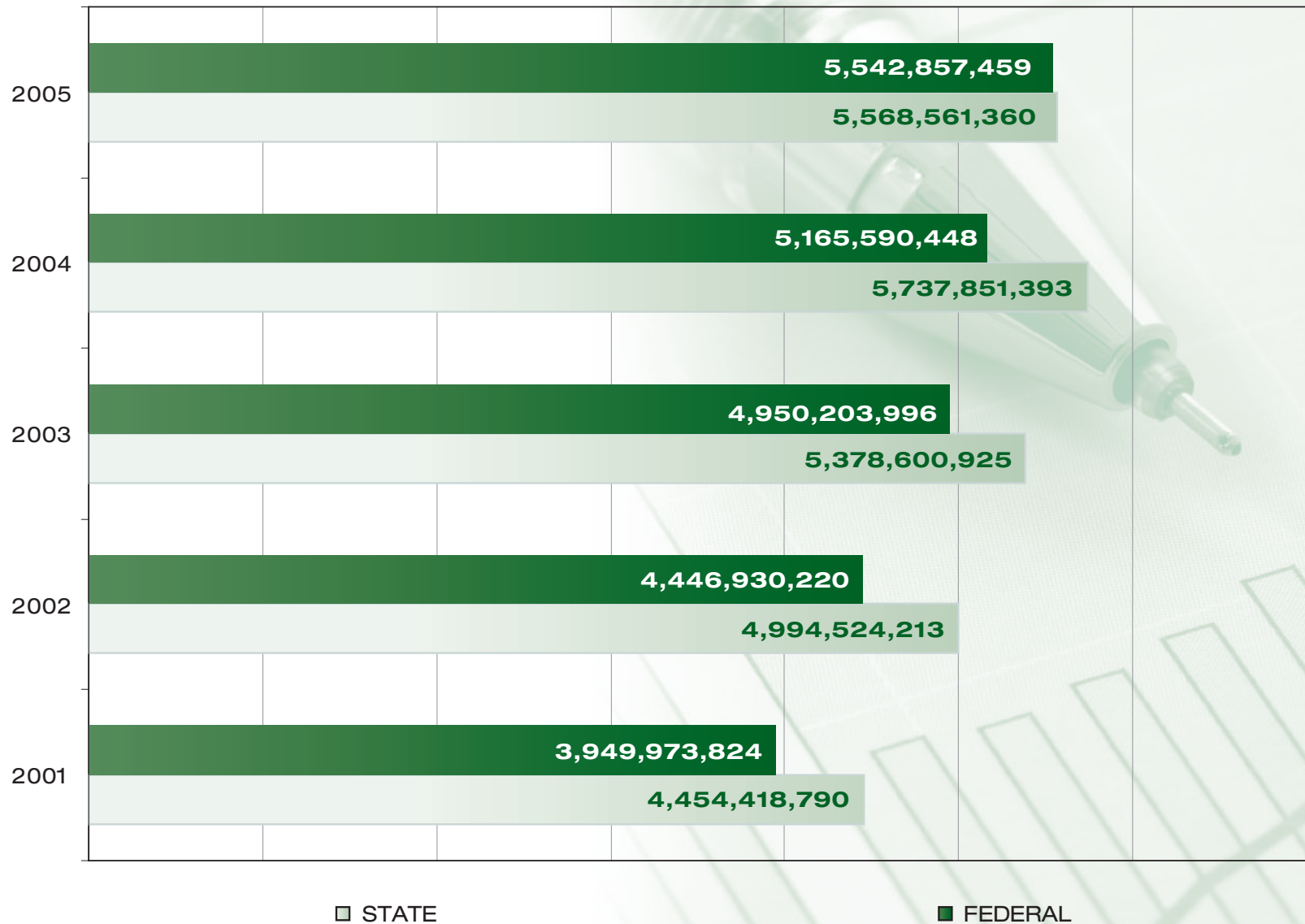
NUMBER OF STATE-CHARTERED CREDIT UNIONS IN TENNESSEE

(As of June 30, 2005)



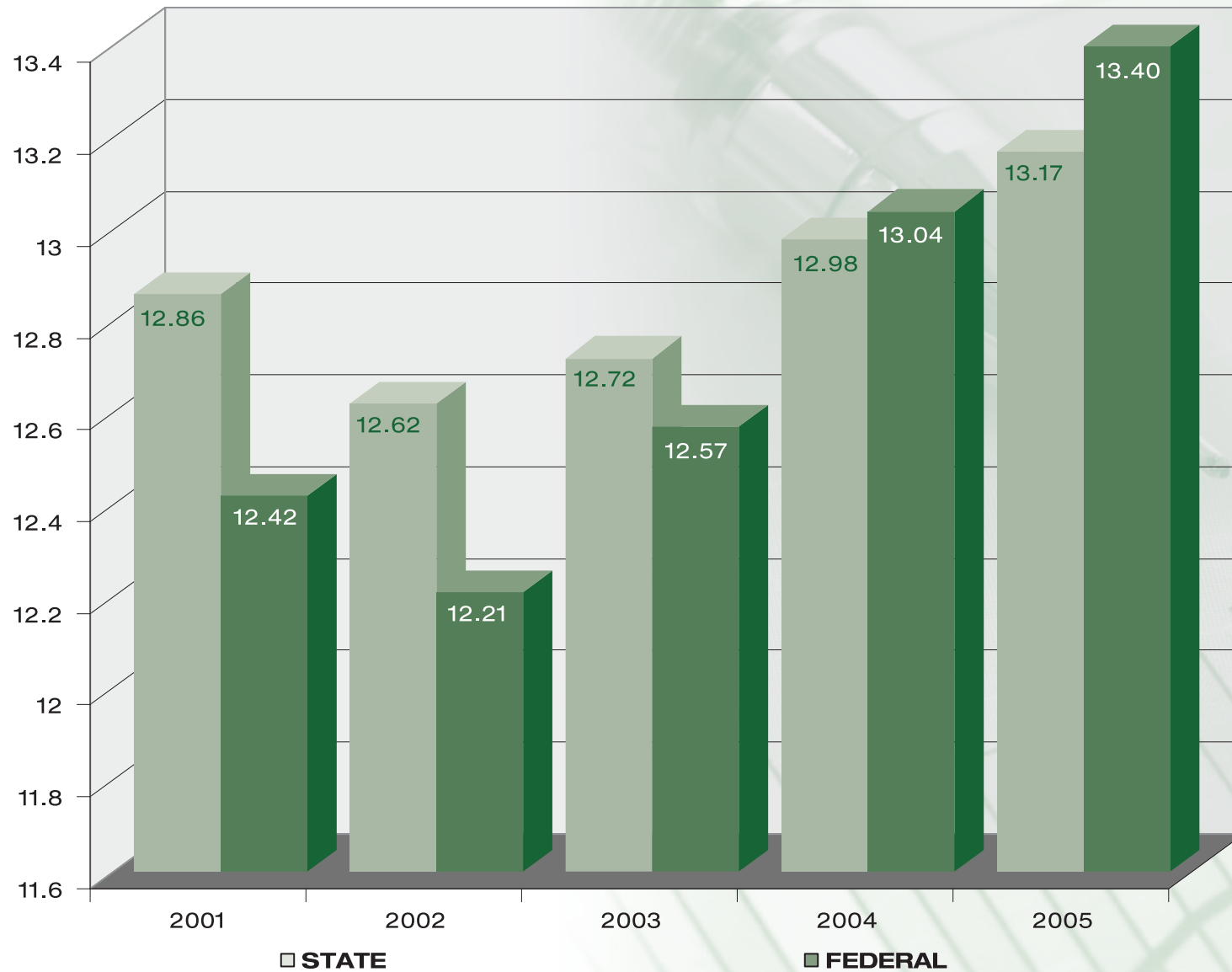
Credit Union Division

CREDIT UNION ASSETS (IN MILLIONS)



Credit Union Division

NET WORTH RATIOS (As of June 30, 2005)



Credit Union Division

RETURN ON ASSETS



Tennessee State-Chartered Credit Unions

2005 INDIVIDUAL LISTING OF STATE-CHARTERED CREDIT UNIONS

NAME	ADDRESS	CITY	ZIP	PHONE	PRINCIPAL	YR. CHARTERED	# OF FULL TIME EMP.	# OF MEMBERS
AUB Employees	P.O. Box 689	Athens	37303	4237454501	Myrl K. Vaughn	1965	1	230
AFG Employees	P.O. Box 929	Kingsport	37662	4232297332	Darlene Winegar	1932	9	3260
Allied Printers/IBEW 846	1740 Dayton Blvd.	Chattanooga	37405	4232677609	Judy W. Maynor	1964	3	960
American Savings	3048 Harvester Ln	Memphis	38127	9013584496	William D. Kidd	1949	42	17288
American Uniform	1007 Keith St. NW	Cleveland	37311	4234722300	Cheryl B. insocre	1956	3	1634
Appliance	P.O. Box 1057	Cleveland	37364	4234795511	Bobbie M. Ross	1972	4	2313
Aqua Glass Employees	320 Industrial Park	Adamsville	38310	7316322518	Frankie Finley	1980	1	1077
Baptist Hospital	2010 Church St., Ste. 204	Nashville	37203	6152845403	Pam Tenpenny	1958	7	3669
BCBST Employees	801 Pine Street	Chattanooga	37402	4232094801	Channon M. Hamilton	1971	3	2462
Bethlehem Community Dev.	P.O. Box 2131	Chattanooga	37309	4232662384	Lawanda Prater	1998	1	582
Bowater Employees	P.O. Box 359	Calhoun	37309	4233367268	Denley C. Hines	1954	26	9910
Bradley Initiative	1075 Blythe Ave. SE	Cleveland	37311	4235591181	Denis L. Collins	2003	2	1030
Bristol TN Electric System	P.O. Box 549	Bristol	37621	4236524539	Brenda Phipps	1971	0	255
Brock Employees	P.O. Box 22427	Chattanooga	37422	4235107234	Connie L. Hamilton	1957	1	429
CEMC Employees	P.O. Box 3300	Clarksville	37043	9316452481	Lori Von Palko	1959	0	570
Chattanooga Fed Employees	P.O. Box 22205	Chattanooga	37422	4238923738	Mitchell D. Mullican	1925	8	3020
City Employees	100 E 11 St., Room 106	Chattanooga	37402	4237575210	Ralph Renegar	1954	4	2490
City Employees	1720 Western Avenue	Knoxville	37921	8658247205	Larry P. Pressley	1932	18	7098
City of Memphis	2608 Avery Avenue	Memphis	38112	9013211200	Jerry Broxterman	1959	49	18776
Collegedale	P.O. Box 2098	Collegedale	37315	4233962101	Randall White	1952	14	5639
Columbia Regional	142 Bear Creek Pike	Columbia	38401	9313886914	Rebecca Jones	1967	8	2187
Consumer	311 CCU Blvd	Greeneville	37745	4236396131	Sam Miller	1953	45	29212
Co-op Employees	P.O. Box 3003	Lavergne	37086	6157938366	Phyllis Hurt	1958	1	941
Cornerstone Financial	P.O. Box 120729	Nashville	37212	6153851616	Hank M. Flury	1962	97	27003
Covenant Health	702 19th Street	Knoxville	37916	8655411239	Rebecca Montgomery	1953	18	6815
CU for Robertson County	2416 Memorial Blvd.	Springfield	37172	6153828255	Wanda E. Mason	1968	11	4414
D.H.S	400 Deaderick Street	Nashville	37248	6153135585	Sherrie Brooks	1969	6	2906
D.O.T.	505 Deaderick St, Ste 300	Nashville	37243	6147416340	Diana Y. Tolleson	1971	3	1938
Dixie Line	567 Veritas Street	Nashville	37211	6153315121	Ron M. Crowl	1932	3	1270

Tennessee State-Chartered Credit Unions

2005 INDIVIDUAL LISTING OF STATE-CHARTERED CREDIT UNIONS

NAME	ADDRESS	CITY	ZIP	PHONE	PRINCIPAL	YR. CHARTERED	# OF FULL TIME EMP.	# OF MEMBERS
DREMCO	P.O. Box 89	Shelbyville	37162	9316844621	James H. Martin	1958	0	476
DuPont Community	P.O. Box 1058	Hixson	37343	4238756955	Kendall Foster	1954	28	13988
DuPont Memphis Plant Emp	P.O. Box 27321	Memphis	38167	9013583796	Sue Allen	1967	4	1939
Dyersburg	P.O. Box 506	Dyersburg	38025	7312860152	Sharon Davidson	1964	2	2929
Eastman	P.O. Box 1989	Kingsport	37662	4232298200	Olan O. Jones	1934	247	73445
Electric Service	P.O. Box 24117	Nashville	37202	6157473801	Teri S. Crowl	1951	11	3024
Employee Resources	P.O. Box 987	Lawrenceburg	38464	9317669288	Randall K. Hardy	1964	9	4038
Employees	1415 Murfreesboro Pike #148	Nashville	37217	6153677283	Phillip W. Elam	1934	15	6911
Employment Security	500 James Robertson, #730	Nashville	37245	6157412142	Linda Armstrong	1955	4	1999
EPB Employees	1500 McCallie Avenue	Chattanooga	37404	4236483413	Nadine M. Freeman	1954	7	2332
EPCO	P.O. Box 1219	Shelbyville	37162	9316843596	Marvin McBee	1957	40	12367
First Choice Community	100 N. 17th Street	Knoxville	37921	8656370112	James W. Willocks	1934	26	6875
First Community	5021 B-1 Trotwood Avenue	Columbia	38401	6153883689	Ronald E. Hines	1974	6	2141
First Kingsport	408 Clay Street	Kingsport	37660	4232299463	Beverly L. Boling	1932	11	3441
First South	6471 Stage Road, Ste. 200	Bartlett	38134	9013807400	Walter C. Esrael	1957	100	50463
Gallatin Steam Plant	1499 Steam Plant Road	Gallatin	37066	6154528069	Jan K. Thomason	1956	1	698
Gate Gourmet Employees	5100 Poplar Avenue	Memphis	38137	9017663600	Robert O. Smith	1969	4	3274
Gateway	202 Uffelman Drive	Clarksville	37043	9315518271	Rose Melton	1959	6	2103
Greater Eastern	2110 Mountcastle Drive	Johnson City	37604	4232834300	Vickie J. Taylor	1952	13	3820
Greeneville City Employees	310 S. Main St. Suite 3	Greeneville	37743	4236390907	Ann Hixson	1965	2	970
Greeneville Works Emp S.A.	P.O. Box 1790	Greeneville	37744	4237872419	Doris K. McAmis	1976	1	557
Happy Valley	P.O. Box 1838	Elizabethton	37644	4235426078	Billie C. Bartz	1933	11	3943
Hardin County Hospital Emp	2006 Wayne Road	Savannah	38372	9019257654	Betty Deberry	1964	0	259
Health Systems	4005 N. Broadway	Knoxville	37917	8656896152	Gail Hawkins	1953	4	1658
Healthcare Services	975 East Third Street	Chattanooga	37403	4232424728	Susan Tant	1952	10	4353
Holley	P.O. Box 398	Paris	38242	7316449031	Van Bowden	1952	10	5247

Tennessee State-Chartered Credit Unions

2005 INDIVIDUAL LISTING OF STATE-CHARTERED CREDIT UNIONS

NAME	ADDRESS	CITY	ZIP	PHONE	PRINCIPAL	YR. CHARTERED	# OF FULL TIME EMP.	# OF MEMBERS
Holliston Mills Employees	P.O. Box 478	Kingsport	37662	4233576141	Brenda Laws	1977	1	328
Holston Valley	216 West Ravine Road	Kingsport	37660	4232461922	Sam Tuell	1979	6	2319
Hurd Employees	P.O. Box 2157	Greeneville	37744	4236394371	Peggy A. Vaughn	1968	1	594
Illinois Central Employees	2005 Nonconnah Blvd, Ste 7	Memphis	38132	9013322686	Linda P. Calaway	1928	3	1660
Jack Daniel's Employees	P.O. Box 199	Lynchburg	37352	9317596157	Pamela Case	1987	4	1120
Jackson City & County Emp	263 N. Highland Drive	Jackson	38301	7314298095	Rhonda Aday	1961	4	1120
John Deere Employees	3003 Airways Blvd, Ste 709	Memphis	38131	9016455548	Jim D. Clark	1971	1	673
Johnsonville TVA Employees	209 Highway 641 N	Camden	38320	7315847238	Mike Warren	1952	22	7352
Kimberly Clark	1520 N. Second Street	Memphis	38107	9015214646	Janice W. Welch	1971	23	10252
Kingsport Press	528 W. Center Street	Kingsport	37660	4233789292	Deborah H. Salyer	1930	18	7110
Kingston TVA Employees	714 Swan Pond Road	Harriman	37748	8657172188	June M. Barlow	1954	1	748
Knox County Employees	400 Main Avenue Room 355	Knoxville	37902	8652152364	Teresa L. Brawley	1974	5	1989
Knoxville News-Sentinel Emp	P.O. Box 59038	Knoxville	37950	8653426930	Maryanne Cooper	1935	4	826
Knoxville Post Office	P.O. Box 52990	Knoxville	37950	8656882424	Linda J. Childs	1924	25	7031
Knoxville TVA Employees	301 Wall Avenue	Knoxville	37901	8655445400	Bob R. Stone	1934	174	83316
L.M.P.C.O. Emp Credit Assn	119 Hamlett Street	Lexington	38351	7319686746	Rhonda J. Sanders	1963	1	1237
Lakeside Employees	1008 Broadway Avenue	New Johnsonville	37134	9315353750	Darry F. Cole	1965	13	3796
Langston Bag Co. Emp S. A.	P.O. Box 60	Memphis	38101	9017744440	Mike Bandy	1964	0	62
Leaders	214 Oil Well Road	Jackson	38305	7316641784	Todd Swims	1957	41	15361
League Central	P.O. Box 3658	Chattanooga	37404	4236292551	William J. Cooper	1957	22	12467
Lifeway	One Lifeway Plaza	Nashville	37234	6152512089	Larry W. Stapleton, Jr.	1954	8	3708
Lowland	622 West First North Street	Morristown	37814	4235818345	Mark G. Creech	1953	29	11345
M.P.D. Community	306 Gay St., Ste 105	Nashville	37201	6152425461	Nancy J. Walker	1966	6	2133
Maryville Municipal	321 W. Broadway Avenue	Maryville	37801	8659844072	Tom Boyle	1971	2	1223
McKee Baking Co. Employ.	P.O. Box 3301	Collegedale	37315	4233963141	Lisa L. Hooper	1963	6	5071

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2005 INDIVIDUAL LISTING OF STATE-CHARTERED CREDIT UNIONS

NAME	ADDRESS	CITY	ZIP	PHONE	PRINCIPAL	YR. CHARTERED	# OF FULL TIME EMP.	# OF MEMBERS
McNairy Co. Educational	P.O. Box 412	Selmer	38375	7316453267	Bea Kiser	1969	0	292
Meded	205 Hayes Street	Crossville	38555	9314566599	Billie Pratt	1965	8	2174
Memorial	6800 Longview Road	Chattanooga	37421	4238551770	Carol Underwood	1959	7	3145
Memphis Area Teachers'	7845 Highway 64	Memphis	38133	9013855200	Ray P. Algee	1957	177	54447
Memphis Publishing Co Emp	495 Union Avenue	Memphis	38103	9015292760	Robert B. Arick	1940	4	1385
Metropolitan Teachers	1605 Jefferson Street	Nashville	37208	6153214622	Rebecca L. Jennings	1957	0	925
N M H	3443 Dickerson Pk #G-10	Nashville	37207	6153453471	Linda Tanner	1966	4	2293
N.G.H.	1818 Albion Street	Nashville	37208	6153414455	Julie M. Shaub	1959	9	2434
Nashville Firemen's	P.O. Box 60567	Nashville	37206	6152263473	Bonnie M. Sensing	1932	4	1831
Nashville Post Office	P.O. Box 291233	Nashville	37229	6158714221	Sharon Rader	1925	17	5088
New South	3261 N. Mall Road	Knoxville	37924	8655230757	Richard Schultz	1952	13	3720
Newspaper and Printers	1100 Broadway	Nashville	37203	6152598310	Demetra O'Neal	1932	1	639
Northeast Community	980 West E. Street	Elizabethton	37643	4235473820	Kathy Campbell	1952	23	6632
O.M.C. Employees'	P.O. Box 248	Charleston	37310	4233364331	Tiffany Duncan	1969	4	1876
Olan Mills Savings Assoc.	4325 Amnicola Hwy	Chattanooga	37422	4236298440	Brenda Phelps	1959	2	841
Old Hickory Employees	P.O. Box 431	Old Hickory	37138	6158474043	Bonnette A. Dawson	1934	79	24206
Olivet Baptist	3084 Southern Avenue	Memphis	38111	9014547777	Angels McGowan	1978	0	965
P.I.A.S.	305 Plus Park Blvd.	Nashville	37217	6153609951	Brian A. Dever	1961	3	2663
Parcel Employees	3385 Airways Blvd., Ste 133	Memphis	38116	9013962132	Sarah B. Langston	1980	3	2614
Parkridge	P.O. Box 3146	Chattanooga	37404	4234931758	Jean W. Eason	1972	3	951
Pathway	P.O. Box 2035	Cleveland	37320	4234792168	Helen I. Smith	1967	2	1229
Patriot Equity	57 Directors Row	Jackson	38305	7316681155	Patsy Brockenbrough	1929	14	4422
Peoples Choice	1500 S. First Street	Union City	38261	7318854808	Robert Ransom	1971	7	3343
Porter-Cable Employees	P.O. Box 2468	Jackson	38302	7316609354	Barbara G. Bunch	1971	2	669
Postal Employees	584 South Third Street	Memphis	38126	9015265011	Elaine B. Turner	1927	12	4183
Rohm and Haas Employees	P.O. Box 591	Knoxville	37901	8656373668	William L. Jenkins	1949	0	1162
Signal Cement Workers	1201 Suck Creek Road	Chattanooga	37405	4238860800	Sandy Trewwhitt	1965	0	498
Smith & Nephew Employees	1450 E. Brooks road	Memphis	38116	9013996473	Mattie Little	1968	4	1538

Tennessee State-Chartered Credit Unions

2005 INDIVIDUAL LISTING OF STATE-CHARTERED CREDIT UNIONS

NAME	ADDRESS	CITY	ZIP	PHONE	PRINCIPAL	YR. CHARTERED	# OF FULL TIME EMP.	# OF MEMBERS
Southern	P.O. Box 3490	Chattanooga	37404	4236292578	John R. Harper	1933	8	3998
St. Thomas Hospital Emp	99 White Bridge Rd, Ste 201	Nashville	37205	6152927828	Mary Z. Coleman	1959	6	2658
Tennessee Dept. of Safety	1150 Foster Avenue	Nashville	37249	6152515145	Cathy E. Akins	1971	2	1539
Tennessee Paper Mills	1740 Dayton Blvd.	Chattanooga	37405	4232677609	Judy W. Maynor	1957	1	252
The Tennessee	P.O. Box 22881	Nashville	37202	6152441910	Betty G. Hobbs	1950	78	27130
Times Free Press	400 East 11th Street	Chattanooga	37403	4237476259	Janice Kelley	1966	1	460
Top-O-Ring Employees	104 Hartmann Drive	Lebanon	37087	6154438815	Margaret Tomlinson	1965	0	226
U.S. Community	P.O. Box 25047	Nashville	37202	6152568712	Cheryl A. Thompson	1968	49	17239
U.S.T.C. Employees	800 Harrison Street	Nashville	37203	6158804799	Jewell M. Kirby	1973	0	277
Vanderbilt University Emp	P.O. Box 128426	Nashville	37212	6159360300	Michael W. Bittle	1959	6	5859
WCG Employees	P.O. Box 284	Martin	38237	7315879521	Thomas Brewer	1962	0	303
Willis	26 Century Blvd., Ste 101	Nashville	37214	6158726380	Charles H. Cooper	1967	4	2569

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